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Kohl Urges Allies To Develop Joint Star Wars' Policy

By William Drozdzak
Washington Post Service

BONN — Chancellor Helmut Kohl of West Germany urged the European allies of the United States on Wednesday to develop a joint approach to President Ronald Reagan's Strategic Defense Initiative so that they might influence future decisions on its possible development.

In an effort to reconcile differences across Western Europe, as well as in his own government, Kohl said it was essential to leave open the possibility of developing a space-based defense system to counter the Soviet Union's space-based offensive weapons.

Kohl stressed that if the Geneva negotiations succeeded in making drastic bilateral cuts in offensive nuclear arms, the "deployment of space-based systems could become increasingly superfluous."

Speaking to the annual congress of the Christian Democratic Party in Essen, Mr. Kohl said, "We will continue to advocate that the Europeans develop a joint position and let them bring this to bear with our American allies."

The U.S. determination to proceed with a \$26-billion research program into space-based defense over the next five years has evoked mixed emotions in Europe.

While acknowledging that the "star wars" project was probably a key factor in bringing Moscow back to the arms talks, the European allies fear that the program might develop such momentum that anti-missile technology could be deployed that would undercut Western deterrence strategy.

Allied leaders have largely supported U.S. research to counter the Soviet Union's space-based offensive weapons but they also have warned that an uncontrolled spiral in offensive and defensive weapons systems could jeopardize the North Atlantic Treaty Organization's cohesion as well as their own national interests.

Foreign Minister Hans-Dietrich Genscher, echoing reservations voiced by his British counterpart, Sir Geoffrey Howe last week, warned Monday that the U.S. and its European allies "must not be deceived through technological innovation."

"Absolutely nothing must be allowed to endanger the highly moral goal" of deterrence, Mr. Genscher said. "Every new development must therefore be examined to see if it does not endanger the goal."

Reagan Chooses Brock As Secretary of Labor

The Associated Press

WASHINGTON — President Ronald Reagan said Wednesday he would nominate William E. Brock, his special trade representative, to replace Raymond J. Donovan as secretary of labor.

President Reagan called Mr. Brock "our top choice from a blue-ribbon list of candidates" for the post. The nomination requires Senate confirmation.

Mr. Donovan, who had been on leave since his indictment on grand jury charges, resigned Friday after a New York Supreme Court judge refused to overturn the indictment and ordered him to stand trial.

Mr. Brock, asked Wednesday on reports that he had been re-elected to the post, said, "You just can't believe anything you read, can you?" He called the post "a challenge that is possible to resist."

President Reagan, referring to the poor relations that his administration has had with organized labor, said of Mr. Brock: "Anyone who's spent four years in international trade negotiations can negotiate almost anything."

Even before Mr. Reagan announced the decision, Mr. Brock called Lane A. Kirkland, the AFL-CIO president, to inform him.

While acknowledging that there had been "some very difficult times" between the administration and organized labor, Mr. Brock described Mr. Kirkland as "an old friend" and predicted that they would be able to work together.

Mr. Kirkland said: "The AFL-CIO welcomes the nomination of Bill Brock to be secretary of labor. We have worked with him in many areas over the years. While we have not always agreed, he has earned our respect. We look forward to a new and constructive relationship with the Labor Department."

Asked about meeting relations with American labor unions, few of which supported Mr. Reagan's re-election bid, Mr. Brock said: "We have a lot of communicating to do."

Mr. Brock said his top priority would be creating as many new jobs as possible.

"I don't even know what the budget of the department is. I have a lot to learn," he added.

The nomination of the former Tennessee senator is expected to win quick Senate confirmation.

Mr. Brock, 54, heir to the Brock candy manufacturing fortune, first came to Washington politics in 1962, when he was elected to Congress from Chattanooga, Tennessee. He was the first Republican to represent that city in the House in 42 years.

Mr. Brock served four terms in the House and was elected to the U.S. Senate in 1970. He was only the second Republican elected to the Senate from Tennessee by popular vote.

He was defeated for re-election six years later by James Sasser, a Democratic lawyer from Nashville.

Mr. Brock then became chairman of the Republican National Committee, a position he held until Mr. Reagan chose him for the trade job.

Dollar Falls in Europe As Price of Gold Rises

The Associated Press

LONDON — The U.S. dollar finished lower Wednesday against most major currencies after a volatile bout of trading in London, while gold prices rose widely but finished higher in Europe.

In Zurich, bullion rose to \$349.50 a troy ounce at mid-session, then reversed course to close at \$320.50 compared with a closing price of \$317.50 on Tuesday. Details, Page 11.



President Reagan draws a smile to show his happiness with the Senate's MX missile vote.

Senate's Vote on MX: More a Display Of Diplomacy Than of Reagan's Clout

By Hedrick Smith
New York Times Service

WASHINGTON — The latest round of the seemingly endless American political confrontations over the MX missile kindled little public controversy in the United States but one presidential adviser.

"You've got to start over again with each issue, putting together your support."

The statement was the strongest signal yet that Mr. Reagan would support Mr. Brock's peace efforts.

The U.S. State Department said Monday it was considering the possibility of talking with a Jordanian-Palestinian team without the Palestine Liberation Organization if that led to direct talks with Israel.

An official source said that Israel might accept Palestinians in the Jordanian delegation if they were not known members of the PLO.

"We make a point of saying no PLO, but we have never said no Palestinians," one source said. "We don't want to close off any opportunities but we also don't want to talk out loud about sensitive subjects."

Israel and the United States reject contact with the PLO until it renounces violence and recognizes Israel's right to exist.

Mr. Peres's aides said that such objections still held but that he did not want to reject the idea of a preliminary session if it could bring progress.

The newspaper Ha'aretz said that Mr. Peres had told Washington he consented to such a meeting, and was awaiting Jordan's response. Jordan insists that the PLO, which it has recognized as the sole legitimate representative of the Palestinians, must be included in any negotiations.

■ Peres Welcomes Arab Talks

Mr. Peres welcomed talks this week in Baghdad among the leaders of what he called the "more moderate" Arab bloc of Egypt, Jordan and Iraq, United Press International reported from Jerusalem.

"I hope that not only will such a bloc be established, but that it will also basically confirm Egypt's policy in the direction of peace," Mr. Peres said on television Tuesday. As compared with what he called

Panel Recommends House Reject MX Funds

The Associated Press

WASHINGTON — The House Appropriations Committee voted Wednesday to recommend a halt to more spending on the MX missile. The 28-to-26 vote sets the stage for a lengthy battle next week on the House floor.

The House is to vote first on authorizing and then appropriating \$1.5 billion in this fiscal year to build 21 of the 10-warhead intercontinental missiles. The Senate, which authorized the funds on Tuesday, was expected to vote its approval a second time on Wednesday.

But Alan Cranston, the Senate Democratic whip, contended that this victory would have little spill-over effect on forthcoming battles over Mr. Reagan's military budget for next year or his desire to overhaul the tax system. Senior White House officials agreed with that assessment.

"Each of these battles has to be fought pretty much on its own," said one presidential adviser.

"You've got to start over again with each issue, putting together your support."

Specifically, Democrats like Sam Nunn of Georgia and Albert Gore Jr. of Tennessee, who backed Mr. Reagan on Tuesday in voting to authorize 21 MX missiles for this year, warned that they would oppose his pending request for 48 more MX missiles in the 1986 budget. Republicans like Daniel J. Evans of Washington and Charles McC. Mathias Jr. of Maryland have issued similar though less precise warnings.

"I think it is enormously important, in the fiscal year 1986 deliberations on the budget and the MX, that we look at dramatically slowing down the production line," Mr. Nunn declared in Monday's debate. "I can say without any doubt that I will not vote for 48. I will not vote for any number approaching 48."

Thus, with two major opportunities to vote on the MX missiles, one now and another probably in mid-summer, some Democrats and moderate Republicans saw an opportunity to straddle both sides of the issue by voting with the administration now and against it later.

But the White House, operating like a winning college basketball coach who builds up the reputation of less powerful opponents, played up Tuesday's vote in advance as a tight "make-or-break" battle, in an apparent effort to heighten the drama.

(Continued on Page 2, Col. 3)

Belgian Lower House Backs Missile Deployment

United Press International

BRUSSELS — The Belgian government won a confidence motion in the lower house of parliament on Wednesday, surmounting opposition criticism of its decision to permit the installation of U.S. cruise missiles in Belgium.

The 212-member Chamber of Representatives voted shortly before dawn at the end of a 15-hour debate, endorsing the coalition cabinet with a 116 to 93 vote. One member abstained and two were absent.

"This government is not a group of bellicose men," Prime Minister Wilfried Martens told the chamber in a final plea. "It was a difficult decision, but it was essential for the alliance and for our country."

Mr. Martens leads a four-party, center-right coalition. Belgium is the fourth West European country, after Britain, West Germany and Italy, to deploy U.S. missiles. The Netherlands has said that it will make a final decision on deployment on Nov. 1.

Belgium is scheduled to deploy 48 cruise missiles under a 1979 agreement among the 16 North Atlantic Treaty Organization member states. The first 16 missiles arrived at the Florennes air force base on Friday, just one day after the government agreed to accept them.

Mr. Martens argued that the NATO decision to deploy a total of 572 Pershing-2 and cruise missiles in Western Europe could be reversed if an agreement was reached during U.S.-Soviet talks on intermediate-range nuclear weapons in Geneva. "Our decision to deploy has no aggressive nature," he said.

Foreign Minister Leo Tindemans said earlier that smaller NATO countries would have undercut their influence in the alliance if they had refused to take part in the deployment.

He said that the Soviet Union now had more than 400 SS-20 missiles aimed at Western Europe, each with three warheads, while the Pershing-2 and cruise missiles so far deployed by NATO carry a total of only 109 warheads.

Western strategists generally do not count French and British missiles aimed at the Soviet Union when calculating the balance of nuclear forces, although Moscow insists they be included.

The sharpest attacks in the debate Wednesday came from the opposition Socialist Party. Louis Tobback, the floor leader of the Socialists' Flemish faction, charged that the government had "acted as a vassal of the United States."

He said the cabinet had even given away jurisdiction over a section of the Florennes base, 40 miles (64 kilometers) south of Brussels. The area where the missiles are stored is being manned by U.S. Army personnel.

Peres Eases Opposition To U.S.-Arab Peace Talks

Reuters

JERUSALEM — Prime Minister Shimon Peres of Israel has dropped his opposition to preliminary Middle East peace talks between the United States and an Arab delegation that would exclude Israel, his spokesman said Wednesday.

The spokesman, Baruch Askerov, said that Mr. Peres would approve of such a meeting on the condition that direct Arab-Israeli talks followed.

Israel and the United States initially rejected a proposal last month by President Hosni Mubarak of Egypt that the Reagan administration negotiate with a Jordanian-Palestinian delegation.

"The idea of a preliminary meeting is not our first choice," Mr. Askerov said. "We prefer direct negotiations, but we can accept the principle of it if it is linked to a meeting with Israel."

The statement was the strongest signal yet that Israel would support Mr. Mubarak's peace efforts.

The U.S. State Department said Monday it was considering the possibility of talking with a Jordanian-Palestinian team without the Palestine Liberation Organization if that led to direct talks with Israel.

An official source said that Israel might accept Palestinians in the Jordanian delegation if they were not known members of the PLO.

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"I hope that not only will such a bloc be established, but that it will also basically confirm Egypt's policy in the direction of peace," Mr. Peres said on television Tuesday. As compared with what he called

U.S. Analysts Say Iran Suffered Major Defeat

By Bernard Gwertzman
New York Times Service

WASHINGTON — Iran appears to have suffered a crushing defeat in a weeklong offensive aimed at ending its military stalemate with Iraq, senior Reagan administration officials say.

In their assessment of the fighting in southeastern Iraq, along the border with Iran, the officials said Tuesday that Iran sent 30,000 to 50,000 soldiers and poorly trained "volunteers" across the border and that most of them were killed, wounded or captured in an Iraqi counterattack.

"I don't think the Iraqis know how many people they have lost," a senior official said, "but it is in the tens of thousands, we think."

Administration officials said they based their assessment on several factors: intelligence gathered by Western countries, presumably through various electronic means; reports from Western observers, including journalists, who visited the battle area in recent days; close analysis of statements made by Iraq and Iran, and information gleaned by U.S. and other Western diplomats in Baghdad and by Western diplomats in Tehran, where there is no U.S. mission.

As recently as Monday, U.S. officials were saying that the fighting was indecisive, but on Tuesday, senior officials were firm in asserting that they had no doubt that the Iraqis had decisively defeated the Iranians in the latest conflict.

In what administration officials regard as a desperate move, the Iraqis also launched a few Soviet-made surface-to-surface missiles against Baghdad, the Iraqi capital, and at least two were believed to have exploded in the city. The missiles, known as Scuds, date from the 1950s. They are cumbersome battlefield weapons fired from a tractor-like vehicle and are very inaccurate at the 150-mile distance from Iran's frontier to Baghdad.

The missile has been supplied to Warsaw Pact nations and to Egypt, Syria, Libya and Iraq. It can carry both nuclear and conventional warheads, but the Soviet Union is not known to have ever allowed its nuclear weapons out of its control.

U.S. intelligence officials assume that Libya sold the missiles to Iran, one official said.

"The question we're all looking at" one senior official said, "is whether the size of the defeat will finally convince Khomeini to end the war." He added that there had been no sign from Tehran that the Iranian leader, Ayatollah Ruhollah Khomeini, was ready to seek a negotiated peace.

U.S. analysts say the Iraqis, who had been building up for the offensive for months, attacked through the Huwailah marshes. The thrust of the assault came from the east of Al Amarah and Al Qurnah, towns on the Tigris River north of Basra. The Basra to Baghdad highway, a militarily significant north-south road, also goes through those towns.

U.S. officials say the Iranian Army intended to cut the road and isolate Basra to the south. That would have been a major victory for the Iraqis, who apparently hoped it would break the Iranian resolve and lead to the resignation of President Saddam Hussein. Iran has made his removal a condition of ending the war.

In the initial phase of the latest attack, March 11 to 14, the Iraqis were believed to have fought their way to the eastern banks of the Tigris, and in some places actually crossed it and set up positions at the road.

U.S. analysts said the Iraqis, who had been expecting the attack, had built up a well-entrenched defense with artillery and tanks and used Soviet-made helicopter gunships and fighter planes effectively.

Another official said the battle "was a classic example" of a well-trained and well-supplied army prevailing over thousands of infantry troops lacking artillery and air support. He said the Iraqi defense was patterned on Soviet tactics.

(Continued on Page 2, Col. 5)

Report Sees Sabotage in Bhopal Leak

Compiled by Our Staff From Dispatches

DANBURY, Connecticut — The chairman of Union Carbide Corp., Warren M. Anderson, said Wednesday that sabotage could not be ruled out in the huge gas leak at the company's plant in Bhopal, India, that killed more than 2,000 people in December.

Announcing the findings of the company's investigation into the tragedy, he said it was unlikely that the primary cause of the leak — water introduced into a storage tank containing a dangerous chemical — was an accident.

Mr. Anderson said the amount of water in the tank, estimated at about 120 to 240 gallons (about 450 to 900 liters), "would have taken 15 to 20 minutes to get there."

But he added that even if sabotage had occurred, a runaway chemical reaction could have been controlled had not the plant management deliberately ignored standard safety and operating procedures.

Mr. Anderson said the plant was in such a state that it should not have been operating Dec. 3 when 41 tons of deadly methyl isocyanate gas leaked from the tank and spread over Bhopal.

The leak also injured 200,000 people.

Mr. Anderson blamed the plant's operators for the leak.

Six members of Union Carbide, Ltd., India, who worked at the plant are facing criminal negligence charges.

Union Carbide is being sued for billions of dollars in connection with the leak.

The company report will be given to the U.S. Environmental Protection Agency and to state agencies investigating safety at Union Carbide's Institute, West Virginia, plant.

The agency and Congress have been critical of Union Carbide's record-keeping on the release of less dangerous gas in its Institute plant, especially after people in a shopping center were overcome by fumes from another plant.

Mr. Anderson said India's Central Bureau of Investigation and the state of Madhya Pradesh in which Bhopal is located will issue their own reports.

(Reuters, AP)

The Longest Tunnel in the World Japanese Engineering Feat Is Called a 'White Elephant'

By Clyde Haberman
New York Times Service

TOSHIOKA, Japan — Much of Satoshi Maruyama's life is spent beneath the floor of the rolling train.

By vocation, Mr. Maruyama is a civil engineer, but his occupation is to describe his occupation accurately these days. He talks with considerable authority about the 33.5-mile (54 kilometer) Seikan Tunnel, connecting the main Japanese island of Honshu to snow-draped northern island of Hokkaido.

It is, by far, the world's longest, and it was Mr. Maruyama's good luck to have supervised the digging of the center a week ago when laborers punched through a layer of soft black dirt to join tunnel sections that had been dug from both ends. The workers sent up a chorus of "Banzai!"

"I was so excited, I couldn't sleep well the night before," Mr. Maruyama said. "I really felt that we had accomplished something."

His feelings were shared by thousands of colleagues along the length of the tunnel. But after the shouting of they had to return to a doubt-ridden reality: that they have spent the last 21 years digging for the Tsuruga Strait, what will become of their

that will use it, Japan National Railways. "White elephant" has become a favorite newspaper term.

When work began in 1964, Japan's economy was leaping ahead and anything seemed possible. Now, for the national railroad, almost everything seems implausible.

Early plans called for high-speed "bullet trains" to run on tunnel tracks, creating a direct route from Tokyo to Sapporo, the capital of Hokkaido. For sparsely populated, somewhat neglected Hokkaido, the psychological benefits were almost as important as the economic.

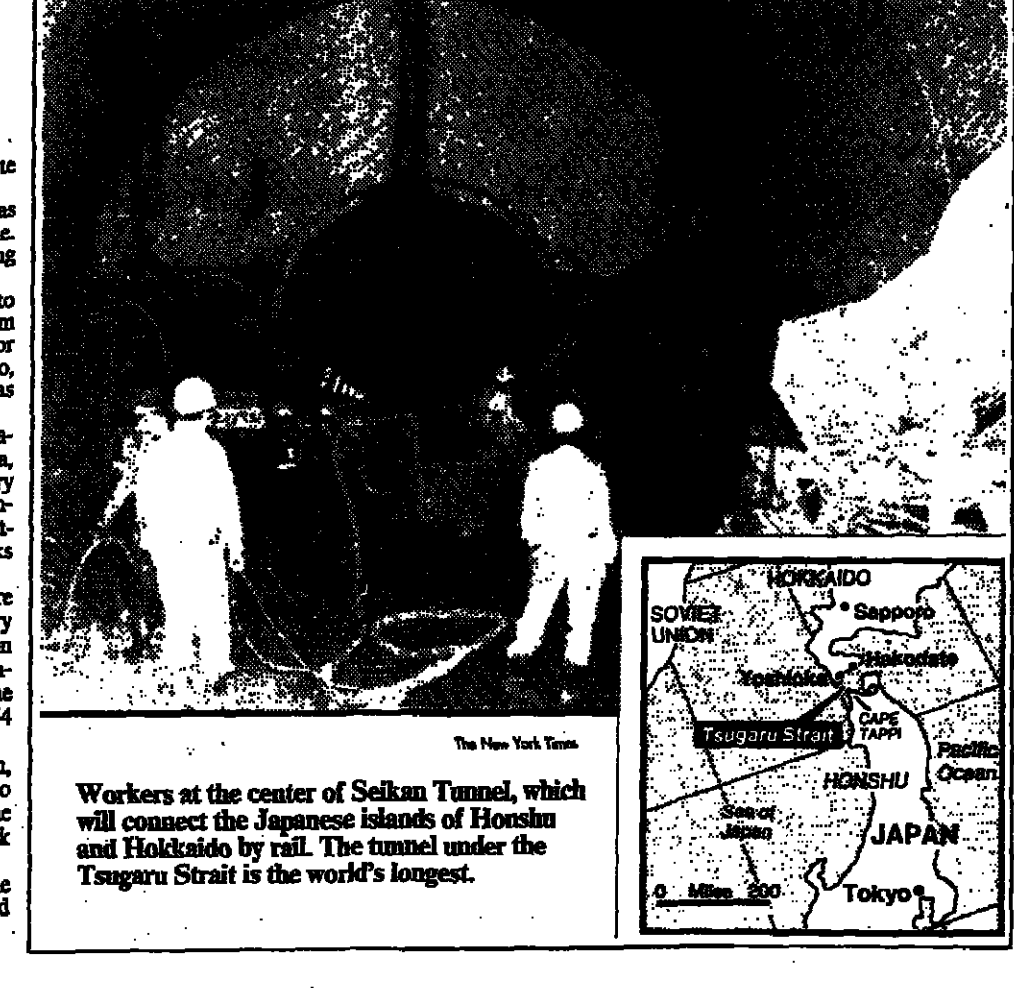
"We've been forced into isolation in terms of education, culture and economy," said Hiroshi Kawata, president of the Chamber of Commerce and Industry in Hakodate, the largest Hokkaido city near the tunnel. "The Tsuruga Strait has been a great wall separating us from the rest of the country. This tunnel breaks through the wall."

By rail, the trip from Tokyo to Sapporo takes more than 16 hours, including a four-and-a-half-hour ferry trip across the strait to Hakodate from Aomori, on Honshu. That is, if the ferry is running. Rough weather forces shutdowns an average of 80 days a year, the operators not being eager for a repetition of a 1954 accident in which more than 1,100 people drowned.

The bullet train was seen as an obvious solution, cutting travel time by 70 percent, but the idea had to be set aside during the oil crises of the 1970's. In the meantime, the national railroads became a textbook case of poor management.

The tunnel aside, the railroad loses money at the rate of \$1 million every hour, and the completed

(Continued on Page 4, Col. 7)



Workers at the center of Seikan Tunnel, which will connect the Japanese islands of Honshu and Hokkaido by rail. The tunnel under the Tsuruga Strait is the world's longest.

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Conflict Is All-Pervasive in Nicaraguan Daily Life

Officials Say Struggle Against Rebels Undermines Economy, Civil Liberties

By Larry Rohrer
New York Times Service

MANAGUA — After four years of fighting, the increasingly fierce struggle between the Nicaraguan government and the rebels seeking to overthrow the government has become a dominant factor in the country's political and economic life, according to Nicaraguan officials here.

The rebels have not been able to hold a single Nicaraguan election since 1979. But the country's economy is in a state of collapse and Sandinista leaders are the guerrillas for that. They are the government to take measures to restrict civil liberties in the name of national security.

Restrictions include the reimposition of press censorship, which had been abolished in 1979, and the major opposition daily newspaper, La Prensa, is the limits campaign activities preceding elections last November, and

diplomats see as an effort to divide and weaken the rebel forces.

The Sandinistas have made it clear that they see the ultimate solution to the problem in negotiations with the United States and not in talks with the domestic opposition, armed or unarmed.

President Daniel Ortega Saavedra perhaps expressed the policy most bluntly during the election campaign last fall when he said, "We want to talk with the owner of the circus, not the acrobats."

Among the opposition, opinions are divided on the effect the rebels have had on Sandinista policy. One popular school of thought argues that the war has prevented the Sandinistas from carrying out the radical plans they originally had and has forced them to present a "pluralist" image to the rest of the world in return for aid.

"Maybe U.S. support for the armed groups has actually helped us," said Eduardo Rivas Gastezoro, president of the Democratic Coordinator, the main coalition of opposition political and labor groups. "We are not in favor of the armed struggle, but if it did not exist, perhaps the government would have already done away with the opposition."

But the opposition also believes the Sandinistas are using the war with the rebels for their own political advantage. The Sandinistas, Mr. Rivas said, have seized on the existence of the rebels to "discredit and intimidate" the legal opposition.

Thus La Prensa has been dubbed La Prensa CIA and the Roman Catholic bishops and the Coordinator are accused of "playing the CIA's game."

The policy of reducing the space in which the opposition can maneuver seems to have gained force in recent days with the launching of a crusade against Mr. Cruz, the former junta member and ambassador to the United States. Mr. Cruz, who has emerged as an outspoken critic of the Sandinista government, was the Coordinator's nominee for president in the elections last year.

After signing a declaration in San José, Costa Rica, this month calling on the Sandinistas to agree to a "national dialogue" with all elements of the opposition, Mr. Cruz was prevented from returning to Nicaragua. Mr. Ortega said March 10 that the government now considers Mr. Cruz to have passed over to the counterrevolution.

To Lino Hernández of the Permanent Commission for Human Rights, the Sandinistas also have



A Nicaraguan Army medic tending the wounds of a government soldier who was wounded in fighting with rebels.

been using the war as a "pretext" for violations of constitutional guarantees. But with or without the rebels and their U.S. support, he said, the Sandinistas "will always have a motivation" for restricting civil liberties.

Those restrictions, according to Mr. Hernández, include press censorship and limitations on freedom of assembly taken in the name of national security. In addition, he said, more than 800 peasants have been tried on charges of aiding or collaborating with the rebels by "anti-Somozas popular tribunals" in which "there are no legal guarantees."

Most Nicaraguan opposition leaders and journalists, as well as most foreign diplomats in Managua, tend to agree that the rebel threat has stiffened the resolve of the Sandinista leaders and made them less likely than ever to compromise with their domestic opponents.

The war's effects on the Nicaraguan economy may be even more far-reaching than those in the political sphere. Officially, rebel attacks are said to have inflicted about \$275 million in damage, a figure that does not take into account the shifting of economic resources and other indirect consequences of the war that are draining the economy.

In their frequent public pronouncements, Sandinista leaders have blamed the rebels for virtually all of the country's economic ills. The rest are attributed to the Reagan administration's "blockade" of Nicaragua's foreign trade and credits.

Although trade between the two countries has declined from the record high registered in 1981, the United States remains Nicaragua's leading trade partner, supplying about 30 percent of its imports and taking 18 percent of its exports,

Alfonsín Asks Restraint in Latin America

By John M. Goshko
Washington Post Service

WASHINGTON — President Raúl Alfonsín of Argentina told a joint meeting of Congress on Wednesday that a solution to the conflicts in Central America must be based on nonintervention by all outside powers and respect by the countries of the region for the rights of their own people and their neighbors.

In his address, Mr. Alfonsín made no mention of U.S. efforts to pressure Nicaragua through support of the rebels fighting the leftist Sandinista government. During welcoming ceremonies for Mr. Alfonsín at the White House on Tuesday, President Ronald Reagan had spoken of the necessity to curb "the Communist tyranny imposed on Nicaragua."

By contrast, Mr. Alfonsín's remarks Wednesday appeared to contain an implied rebuke of what many Latin Americans regard as excessive U.S. emphasis on military solutions in Central America. But his words also implied criticism of Cuba and the Soviet Union for trying to sow discord in the region and of the Sandinistas for failing to permit democracy within Nicaragua.

Mr. Alfonsín, who became president in 1983 after seven years of military rule in Argentina, endorsed the Contadora negotiations on a comprehensive peace agreement for Central America.

"My government supports the efforts of Contadora which is the appropriate mechanism for finding stable solutions for the Central American countries," he said. The search for solutions, he added, should be based on five criteria:

- "The principle of self-determination as recognized by contemporary international law freely exercised through the will of the majority."
- "The existence of pluralistic democracies throughout the region."
- "The principles of territorial integrity and nonintervention should be respected and universally applied. This means they should not be invoked in a one-sided manner."
- "Specific warranties that the countries of the region will not meddle in the affairs of their neighbors."
- "Eliminating 'military mechanisms' or arms buildups in countries of the area that threaten the security of neighboring nations."

U.S. officials said privately that they regarded Mr. Alfonsín's speech as reflecting the attitudes of most democratic governments in Latin America, and they said it was not inconsistent with the Reagan administration's policy toward Central America.

While acknowledging that Mr. Alfonsín would not endorse Mr. Reagan's call for supporting the Nicaraguan rebels, the officials noted that his main points — support for the Contadora process, democratic pluralism and a halt to interference in the hemisphere by outside powers — have also been advocated frequently by Mr. Reagan and Secretary of State George P. Shultz.

Mr. Alfonsín also said that the problems of Central America and the wider Latin American region stem from "generations of misrule," political and economic underdevelopment and the chronic

Bolivian Soldiers Disperse Strikers

LA PAZ — As tanks patrolled the streets, soldiers fired shots in the air and used tear gas to disperse miners and striking workers who are trying to topple Bolivia's president, Hernán Siles Zúñiga.

The military mobilization occurred a day after at least 10,000 miners blocked the streets of La Paz for seven hours, detouring traffic and forcing businesses to close.

The strike, now in its 13th day, has shut down many factories and mines, intercity transportation, long-distance communication and public hospitals. The strikers are demanding raises and the resignation of Mr. Siles Zúñiga, who took over in October 1982 as the first popularly elected president in 18 years.

A Racial First in Mississippi

JACKSON, Mississippi — Alyce Clarke, a Democrat, has become the first black woman elected to the Mississippi Legislature, winning a special ballot Tuesday in Jackson.

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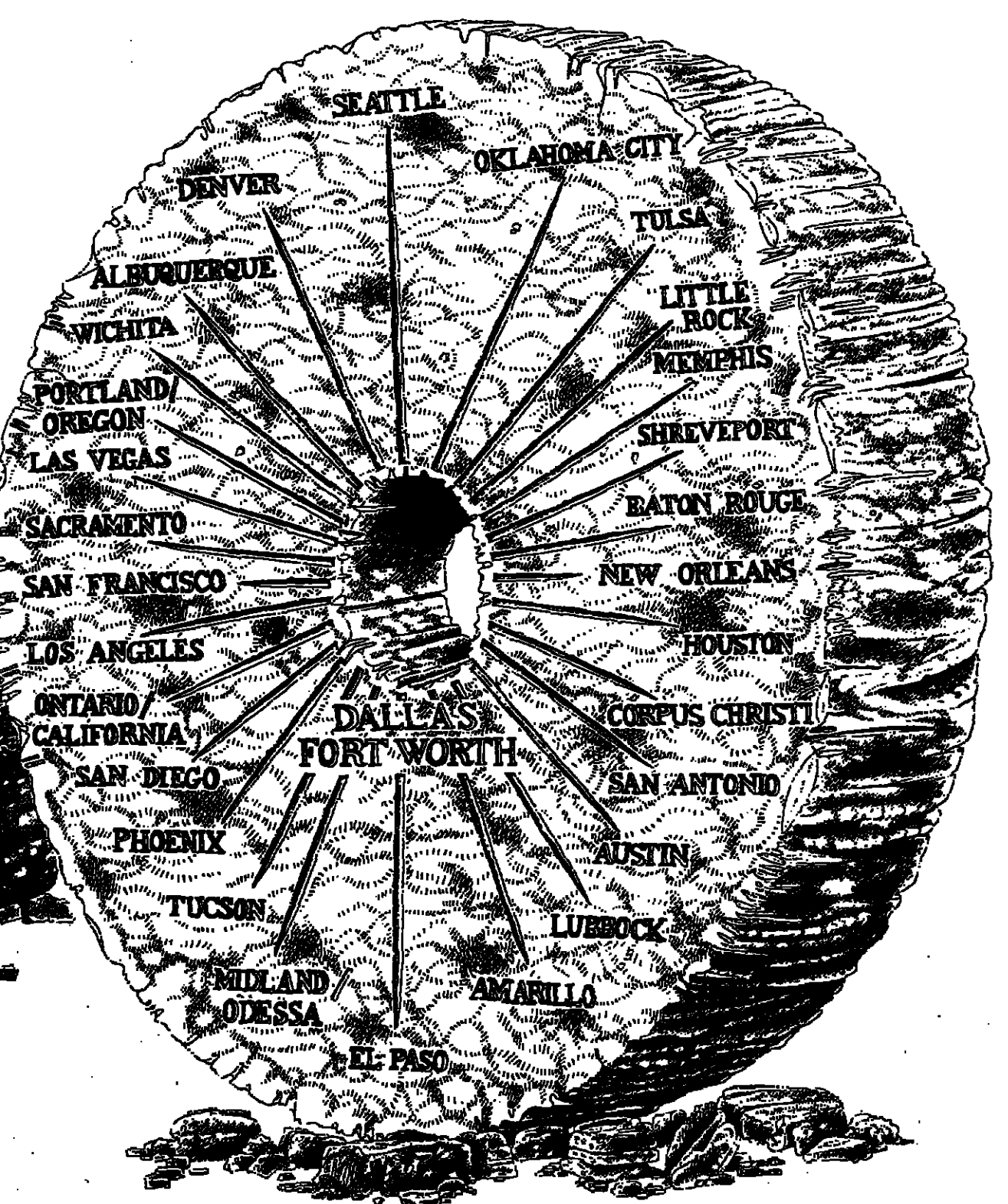
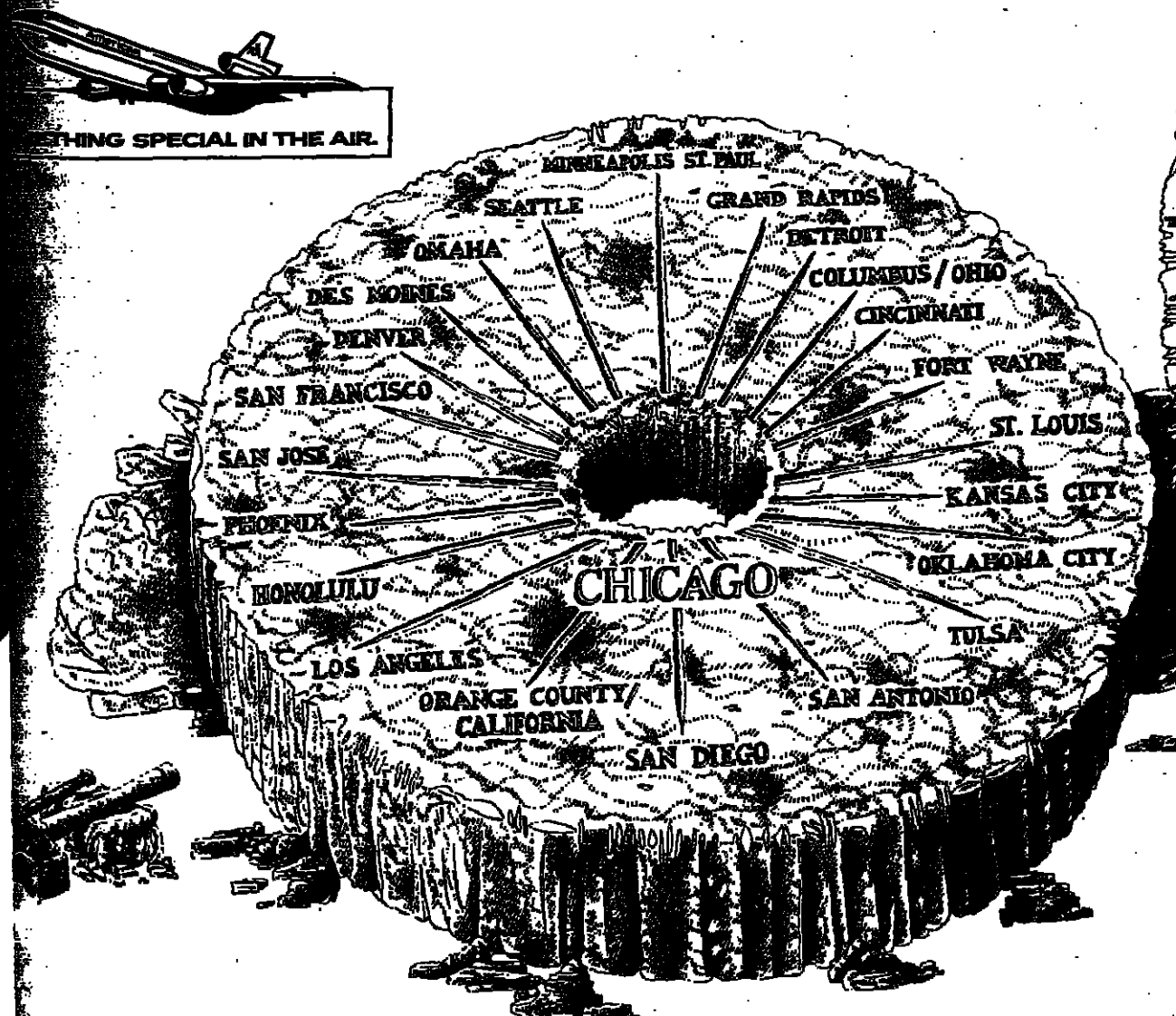
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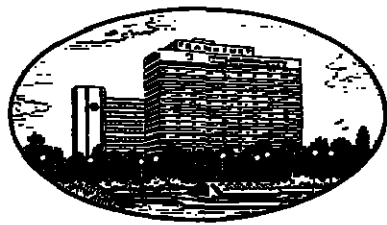
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CIA Proposes a Law to Make Disclosing U.S. Secrets a Crime

By Stuart Taylor Jr.
New York Times Service

WASHINGTON — The Central Intelligence Agency has proposed to the White House that legislation be sought that would make it a crime for government employees to disclose national secrets without authorization, Reagan administration officials said.

The proposed legislation would authorize prosecution of government employees or former employees who "willfully" disclose "any classified information," with certain narrow exceptions, to reporters or others outside the government.

The maximum penalty would be five years in prison and a \$25,000 fine, the officials said Tuesday.

Although the Justice Department takes the position that such disclosures already violate criminal laws barring espionage and theft of government property, that inter-

pretation is in dispute in a pending court case.

The purpose of the CIA proposal is apparently to persuade Congress to establish beyond doubt that unauthorized disclosures of classified information by government employees are crimes.

The proposal does not appear to authorize prosecution of journalists or others outside the government who publish secrets that are disclosed to them. However, it might create a basis for seeking to force journalists to disclose their sources.

The proposal also specifies that a defendant could avoid conviction by establishing that the information had not been obtained through the defendant's government service, that it had already been published or that it was not "properly classified."

Information is "properly classified," the proposed law states, if disclosure "reasonably could be expected to damage the national security."

Sent with the signature of William J. Casey, director of Central

Intelligence, the proposal is being reviewed by the Justice, State, Defense and other departments. No decision has been made whether to send it to Congress, according to the officials.

Kathy Pherson, a CIA spokeswoman, said the proposal, a copy of which was obtained by The New York Times, had been designated secret by the agency on the ground that its disclosure while it is still being discussed would be "inappropriate" and "premature."

George Lauder, chief spokesman for the agency, declined to confirm whether the proposal had been classified or to discuss whether its disclosure would be considered a crime under the proposed legislation.

The proposal for criminal legislation is one of several steps the administration has taken or considered to combat disclosures, including a presidential order, later cut back somewhat, that provided for lifelong censorship of persons who have held certain official positions and greater use of polygraph machines, or lie detectors, to trace the source of disclosures.

Most of those measures, like the new proposal, have been aimed primarily at officials who make disclosures rather than the journalists who publish them.

The Justice Department won a pretrial ruling last week from Judge Joseph H. Young of the federal district court in Baltimore that it was a crime for officials to give military secrets to reporters or others without authorization.

Rejecting a motion to dismiss a criminal prosecution, Judge Young adopted the Justice Department's view that such disclosures violate the general, broadly worded criminal laws barring espionage and theft of government property.

That interpretation has long been disputed by civil libertarians, journalists and others who say Congress intended the espionage laws to apply only to foreign spies, not to disclosures to reporters. The issue has never been squarely considered by an appellate court.

Lawyers for Samuel Loring Morrison, a civilian employee of the navy who is the defendant in the case, say he will appeal the judge's ruling if convicted at his trial, set to begin July 15. He is charged under the espionage and theft laws with giving secret intelligence photographs to a British military magazine.

The proposed law is the first known to have been advanced by a high-level Reagan administration official.

U.S. High Court Widens Detention Powers of Police

United Press International

WASHINGTON — The Supreme Court expanded police powers Wednesday to stop and hold a suspect without arresting him, saying there are no absolute time limits on such detentions.

The 7-2 ruling written by Chief Justice Warren E. Burger was another in the court's continuing efforts to resolve conflicts between the rights of citizens and police needs to question criminal suspects.

Adopting the Reagan administration's position, Chief Justice Burger overturned a U.S. appeals court ruling that dismissed the marijuana smuggling convictions of two North Carolina men because they were held in custody for 20 minutes without being arrested.

In another case, the court allowed continued use of lethal injections in executions, ruling unanimously that the Food and Drug Administration is not required to ensure the injections do not produce a slow and painful death.

WHAT WOULD LIFE BE LIKE WITHOUT IT?
WEEKEND
EACH FRIDAY IN THE IHT



TAIWAN TRIAL — Chen Chi-li, a reported gang leader, was escorted on Wednesday to the Taipei District Court, where he faces charges of murdering Henry Liu, a Chinese-American journalist, in Daly City, California, on Oct. 15. Mr. Liu said in court that Vice Admiral Wong Shi-ling, former director of military intelligence, ordered the slaying, asserting that Mr. Liu was a spy.

Japanese Tunnel Proves A Costly Accomplishment

(Continued from Page 1)

Seikan Tunnel will only expand the deficit. Construction is about a decade behind schedule, the \$2.8-billion price tag is more than three times the original estimate and regular train service to Hokkaido, expected to begin in 1988, is a sure money loser.

Domestic air travel in Japan has grown spectacularly, with two-thirds of the 12 million passengers who travel between Honshu and Hokkaido annually taking planes. The railroad estimated this month that 2.1 million passengers a year and 3.4 million tons of freight would be carried through the Seikan Tunnel — roughly one-fifth the volume forecast 15 years ago.

Normal train service through the tunnel is expected to lose at least \$36 million a year, and that is unrelated to the \$320 million the national railroad will be required to pay back each year to the construction corporation.

"When we look back now," the newspaper Asahi said months ago in an editorial, "we find many things to criticize, among them overoptimism about the plan and slowness in coping with the changing situation."

For thousands of tunnel ha — all of them men, superstitious having kept women out — the added worry of layoffs. Men were recruited from this village; neighboring towns on Hokkaido southern rim. They are not what they will do in two or three years, when they will have finished laying track and electrical lines.

Still, even the skeptics marvel the engineering accomplishment. Actually, three Seikan tunnels were dug — the just-completed main one, which is 35 feet (10 meters) wide, and narrower pilot service tunnels finished earlier.

Of the total length, 14.5 miles run beneath the Tsugaru Strait from Yoshino to Cape Tappi Honshu, at depths of up to 328 feet beneath the seabed and 787 feet beneath the water surface.

The world's second-longest tunnel, the 13.8-mile-long Daishin which also is in Japan, does begin to approach the Seik length. The only possible rival, 32.2-mile tunnel planned to connect England and France under the Strait of Dover, but financial problems have halted that project.

INTERNATIONAL POSITIONS

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THE INTERNATIONAL
MANAGER
A WEEKLY GUIDE BY SHERRY BUCHANAN
WEDNESDAY IN THE IHT

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Soviet's Managers, Workers, Told of Need for Discipline

MOSCOW — Soviet officials, workers and factory managers were told Wednesday to take a new look at their attitudes to work and to prepare for a decisive turn to a policy of intensive development.

An editorial in Pravda, the Communist Party newspaper, repeated the need for "discipline," indicating that the word is to be as firm a slogan under Mikhail S. Gorbachev, the new leader, as it was under Yuri V. Andropov.

Strengthening of organization, discipline in all spheres of production and management, Pravda said, "is of ever-growing importance for the decisive turn of the economy on to the path of intensive development."

Mr. Gorbachev took power last week on the death of President Konstantin U. Chernenko, whose month rule has been seen widely as a stopgap period between his predecessor, Andropov, and Gorbachev's protégé, Mr. Gorbachev.

Pravda's editorial quoted Mr. Gorbachev's call for law, order and discipline in his first speech party leader. The past winter showed signs of an economic downturn that had to be halted, the editorial said.

Economic figures for the first months of this year revealed a sharp decline in the rate of growth of Soviet industrial production and productivity.

Pravda cited poor planning as an example of bad labor discipline and criticized the energy, transport and metallurgy sectors for failing to meet many of their planned targets.

The editorial also attacked ministries, which in the Soviet economy act as central management for individual production sectors, for trying to get the maximum possible investment and lowest possible production targets in the next five-year plan.

"To successfully meet targets for this year and the whole five-year plan," Pravda said, "party, local council, trade union and Communist youth organizations need to take a new look at the organization of Socialist competition."

"Socialist competition" is the official term used to encourage factories to vie with each other in output in the absence of the capitalist profit motive and its consequences.

Under the terms of an economic experiment launched under Andropov and thought to have Mr. Gorbachev's personal backing, some factories are being allowed more autonomy over use of funds.

This means they can give top workers higher bonuses. Also, factories that improve production figures will be allocated more funds while those that do not meet targets may find less money at their disposal.

Pravda compared results at two metal plants in the Urals. Despite the fact that both had faced power cuts and other difficulties caused by the cold winter, one had increased production by 6.4 percent while the other had failed to meet its targets.

Also singled out for criticism was a major timber plant at Ust-Ilimsk in Siberia. Pravda said the plant, built to soak up surplus power from a vast but underused hydroelectric station, had failed to meet targets in January and February.



EASTER OFFERING — Pope John Paul II received an imposing chocolate egg from a delegation of visitors during his weekly general audience at the Vatican on Wednesday.

France to Double Nuclear Warheads on Subs

LONDON — France will more than double the number of nuclear warheads aboard its submarines this year and will have nearly 500 submarine-based warheads by 1992, according to Charles Hernu, the French defense minister.

There will be 176 warheads in the French submarine force by the end of this year compared to 80 at the end of 1984, Mr. Hernu said in an interview published Tuesday in Jane's Defense Weekly.

France's sixth nuclear-armed submarine, L'Inflexible, will go into service this year, he said. It will be equipped with the M-4 missile, which carries six warheads, each with a yield of six kilotons. One kiloton has the explosive force of 1,000 tons of TNT.

The other five submarines also will receive M-4 missiles, bringing the total number of warheads in France's undersea force to "almost 500 by 1992," Mr. Hernu said.

French air and ground nuclear forces also will be updated, he added.

Increased European military strength "can only contribute to forging closer contacts among Europeans," he said.

Mr. Hernu said trade in military equipment between Europe and the United States is "very strongly" weighted in favor of the United States but is becoming less one-sided.

Greater "aggressiveness" by French executives and the development of unique European weaponry are helping to balance the equation, he said.

Volunteers Discover Real Israel

Army Work Program Has Attracted 3,600 Foreigners

By Thomas L. Friedman
New York Times Service

JERUSALEM — If the Volunteers for Israel program had travel brochures, they might read, "Come to Israel, meet the people, see the land and learn how to repair the engine of a Patton tank or wash dishes for 1,000 soldiers."

Since its inception in early 1983, Volunteers for Israel has allowed about 3,600 foreigners — most of them Americans, 18 to 65 years old — to spend a month or more working on an Israeli Army base performing noncombat duties. It is not everyone's idea of a vacation, but to hear some volunteers tell it, it beats seeing Israel from a tour bus.

Dressed in standard-issue green Israeli Army fatigues and armed with two pink rubber gloves, Shirley Benson, a gray-haired mother of three children and grandmother of five, interrupts her dishwashing efforts in the mess hall at the Emanuel army base to explain what she is doing in Israel.

"I am a Jewish mother who left the kitchens of America for the kitchens of Israel," said Mrs. Benson, a 55-year-old resident of California, who forms part of a battalion of "Yiddish Mamas," as the Israeli soldiers call them.

"America has its Peace Corps," she said, "and this is also a kind of Peace Corps. We don't teach them anything, though. We give of ourselves. I don't do it for money. I do it for the wonderful feeling I get inside."

Greater "aggressiveness" by French executives and the development of unique European weaponry are helping to balance the equation, he said.

The Volunteers for Israel program was the brainchild of one of Israel's most distinguished combat officers, Aharon Davidi, a retired general who headed the Israeli paratroop corps in the 1967 war. In August 1982, at the height of the Israeli invasion of Lebanon, Israeli industry and agriculture experienced a critical shortage of manpower, resulting in some unpicked fruit rotting on the vines.

General Davidi helped ease the crunch by organizing a group of volunteers to pay their own way to Israel and work in kibbutzim and industries critically short of labor. Some of those who took part in the emergency labor drive had such a good time that they pressed General Davidi to develop a permanent program whereby people of all ages could come and donate their labor.

The volunteers, who have come from the United States, France, Canada, Britain and South Africa, apply through the program's offices abroad. Those whose applications are approved pay about \$600 to cover round-trip airfare and some field trips in Israel. To avoid questions of dual citizenship, they must also sign a release form saying they have no intention of serving in the actual combat army or of pledging allegiance to it.

In return, on arrival at Ben-Gurion International Airport they get assigned to an army base in Israel proper, the occupied Golan Heights or the occupied West Bank. Each volunteer is given an Israeli Army uniform, boots, hat, field jacket and socks — all of which, except for the socks, must be returned at the end of the program. They live four in a room on their own floor in a regular army barracks, are integrated into all social activities on the base, get all the food they can eat and all the Hebrew and Israeli culture they can soak up.

Kristin Reed of Washington, an 18-year-old convert to Judaism, stood in the tank shop at the Emanuel base with her arm swallowed up in the depths of a tank engine.

A visitor asked what she was working on.

"It's a Patton tank," she replied with authority, stretching her arm deeper into the engine.

And what was she doing?

"Right now," she said, "I'm trying to put a new screw into a very hard place. Success! I got it!"

Not all the volunteers are Jews. Monty Crisp, a 31-year-old Christian fundamentalist from South Carolina, came to Israel to work on a kibbutz and an archeological dig but heard about the volunteers program and signed on.

"Being in Israel and knowing what an integral part of society the army is," he said, "I wanted to see it from the inside."

Lately, he said, he has worked with an Israeli team reconditioning a captured Soviet-made tank. Because he grew up on a farm and is familiar with basic mechanics, he said, he was easily absorbed into the work crew, despite some language difficulties.

"We reconditioned the entire tank and changed all the parts," he said, pointing to the tank, now bearing Israeli markings. "I never dreamed I would ever be under a Russian tank. I wish we had one of those on the farm. It would be great in the rainy season."

Summit Seen as Likely in August in Helsinki

By Don Cook
Los Angeles Times Service

BRUSSELS — Senior allied diplomats at the headquarters of the North Atlantic Treaty Organization believe that President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev, are almost certain to meet in Helsinki around the end of August.

There is, the diplomats point out, ready-made occasion for such a meeting — a ceremonial gathering mark the 10th anniversary of the signing of the agreements at the Helsinki Conference on European Security and Cooperation.

Finnish officials are said to be hopeful that the heads of the 35 signatory governments will be present for the anniversary.

It really seems now to be only a question of who makes the first move, a diplomat said. "If Gorbachev accepts the Finnish invitation, all the East bloc leaders will follow suit, and of course the NATO heads of state will also follow. If Reagan and the NATO members decide to make it a summit in Helsinki, then the Soviet side can scarcely stay away."

The 10 governments of the European Community informed the Finnish government more than six months ago that they would send foreign ministers to Helsinki for the anniversary. But at the last meeting of NATO foreign ministers in Brussels in December, this decision was modified to keep the door open for the heads of government to go. The final communiqué of the December meeting said the NATO governments would be represented in Helsinki "at an appropriate political level."

According to NATO sources, it is at U.S. insistence that this "ding was used."

Even while the late Soviet leader, Konstantin U. Chernenko, was still in power, the United States wanted to keep the possibility of a Helsinki summit meeting open, a U.S. source said.

With the death of Mr. Chernenko and Mr. Reagan's clear invitation to Mr. Gorbachev to visit the United States, the prospects for a meeting have changed. Talk of pre-

conditions and careful preparation has subsided.

So far, Mr. Gorbachev has been unresponsive. NATO diplomats doubt that he is prepared to travel to the United States within the next six months, but they believe that Helsinki would be an attractive alternative.

In August 1975, at the Helsinki ceremony where the agreements were signed, President Gerald R. Ford met with the Soviet leader, Leonid I. Brezhnev, to discuss preliminary steps in the SALT-2 agreement on limiting strategic nuclear weapons. Mr. Ford and Mr. Brezhnev followed up with a meeting in Vladivostok, in the Soviet Pacific.

U.S. Official Is Pessimistic

In Washington, a White House official told The Associated Press that it would be "pretty safe to rule out" a meeting in Helsinki. The official, speaking on condition he not be identified, noted that Mr. Reagan has repeatedly accused the Russians of violating the Helsinki accords and would, therefore, not help them celebrate the pact.

Pretoria Builds Electrified Wall

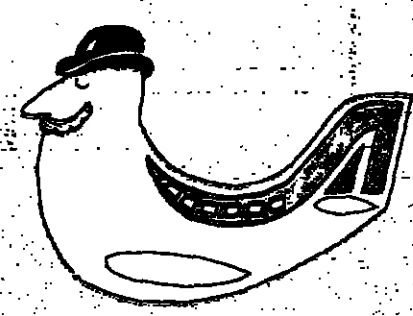
United Press International

CAPE TOWN — South Africa has built an experimental electrified wall along a stretch of its border with Zimbabwe, Defense Minister Magnus Malan has told Parliament.

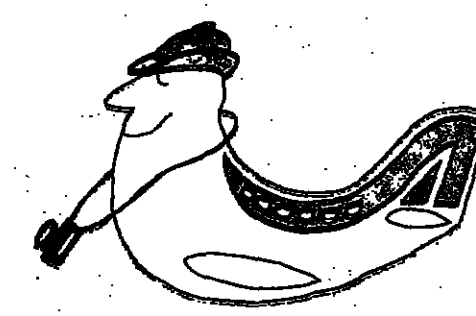
Officials told the Johannesburg Sunday Express newspaper that the nine-mile (14.5-kilometer) barrier is meant to stop illegal immigrants from entering the country in search of work. The paper said the wall is topped with coils of razor-sharp "blade wire" and 11 strands of electrical cable.

General Malan told Parliament on Tuesday that the wall was "an integrated experiment with border barrier systems" and had cost \$1.25 million. He said warning signs would be posted at intervals and that farmers had been asked to warn employees that the barrier would be charged with 20,000 volts.

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Much Ado About the MX

The extraordinary thing about the MX debate is that in the fifth year of an administration which won re-election on a platform of military strength, the particular weapon most symbolic of that quest for strength remains in deep political trouble — no matter that it cleared one hurdle in the Senate on Tuesday. However the votes finally come out, the president's struggle to get them tells a political tale.

Is there left a legislator who has not received a personal MX appeal from President Reagan? The scale of his exertion falls somewhere between formidable and epic. Perhaps inadvertently, he has set a new standard of presidential commitment against which his subsequent appeals for this or that are bound to be measured. Yet his appeal has been resisted, if not altogether rebuffed, not merely by legislators of a different partisan or ideological persuasion but also by defense-minded legislators, including some in his own party.

The upshot is that even a victory in the current series of votes will have a Pyrrhic quality. It cannot possibly produce the success at Geneva that many people will have been led to expect by the president's dire warnings of what a negative vote would bring. His campaign has taken important swing legislators to a point where they may reluctantly support MX now, chiefly because of the damage a "no" might do to the American position at the Geneva talks, but they are damned if they will vote for the 48 additional MX missiles needed to complete the administration's MX buy.

Meanwhile, the MX has become a leading

exhibit in the general indictment holding that the administration throws money at military problems without knowing what it is doing. This indictment, key legislators believe, is bound to make its mark on the administration's defense planning and spending.

It is unfair to put the entire burden of the MX on the Reagan administration. The missile was first, a Ford and Carter project. But Mr. Reagan did not merely inherit a debatable missile program; all missile programs are debatable. He added a philosophy — build great strength and negotiate from it — that does not lend itself easily to the proportion and intelligence that even many of his supporters feel ought to be essential elements in security policy. Proportion and intelligence are after all the quintessential conservative virtues. The MX without "star wars" was one thing; the MX with "star wars" is — well, people want to think about it. The president's seeming indifference to a proper connection between defense and the deficit adds to concern.

Is there in the Reagan administration an awareness of the range and depth of reservations it has stirred on security issues, among its friends as well as its political adversaries? It does not bode well that, regarding the MX, the president felt it necessary to launch a Normandy invasion to capture such a relatively small objective. What Mr. Reagan most needs to demonstrate, and most of all to the Russians, is a command of the American political arena. Yet that seems to be where his frailty lies.

—THE WASHINGTON POST.

Federal Insurance for All

"Is my money safe?" That is the question aroused in depositors all over the United States by Ohio's temporary closing of 71 privately insured savings institutions.

The answer is an unequivocal "yes" for the great majority — everyone with deposits up to \$100,000 in banks covered by federal insurance. Federally insured accounts are, for all practical purposes, backed by the government's power to create money. But what of the minority? What of depositors in the small number of banks that lack federal coverage and rely instead on problematical state insurance? However well managed, those institutions are vulnerable to the sort of crisis that has beset Ohio. And when it explodes, depositors must expect to bear the brunt of the shock.

It would therefore serve both individual depositors and the financial system as a whole to require federal insurance for all banks.

Ohio's turmoil began with the failure of the Home State Savings Bank on March 9 after it had lost millions in the collapse of a securities broker in Fort Lauderdale, Florida. Once Home State went under, depositors at the other banks insured by the Ohio Deposit Guarantee Fund nervously began withdrawing their money. Many, perhaps all of these banks have sufficient assets to cover their liabilities to depositors. But none could raise the cash

overnight, and Governor Richard Celeste wisely chose to close them until confidence in the system is restored. But even a happy ending should serve as a warning.

Businesses go bankrupt every day. The risk of bankruptcy is indispensable to the market's efficient allocation of scarce capital. But banks are not like other businesses; if some start to fail, confidence in all banks is diminished. A modern economy cannot operate efficiently unless depositors are sure their money is safe.

Until recently one could plausibly argue that private bank insurance was sufficient to maintain confidence. But the increasing integration of the financial system — the links, for example, between a bank in Ohio and a securities broker in Florida — puts all financial institutions at greater psychological risk.

In any case, small depositors have no idea of how much risk they bear. Indeed, in a system in which most banks are federally insured, they are easily misled into assuming that all banks are equally well insured.

The remedy is for Congress to insist that all banks and thrifts get federal insurance or quit the banking business. That alone will not guarantee complete confidence in banking, but it would spare other depositors and other states from having to repeat Ohio's unhappy ordeal.

—THE NEW YORK TIMES.

Other Opinion

For an East-West Summit Soon

The momentum of the Soviet bureaucratic decision-making process precludes a sudden reversal of policy, particularly internationally. It is like a large oil tanker — even if the captain wishes to change course, and this has yet to be proven, it takes a long time to turn around.

It is natural to look for rapid changes in the Soviet attitude to nuclear weapons. Here Mr. Gorbachev will face formidable difficulties. Grigori Romanov has a reputation for being the general's man and will watch carefully for any sign of deviation. The military leadership has become very strong and assertive.

What is needed is a personal meeting between Mr. Gorbachev and Mr. Reagan to allow some empathy to develop between them as individuals. President Reagan is going to be in Europe for the Bonn economic summit between May 2 and 4. A meeting in Vienna just prior to the 40th anniversary of V-E Day on May 8 would be the appropriate moment to start to reorder East-West relations.

—David Owen, writing in *The Observer* (London).

Stirring Up Today's Balkans

Dwight D. Eisenhower's comment to me in 1956 that the Middle East was bound to become the Balkans of the last half of the century has been abundantly supported by the events of the past several days. The war between Iran and Iraq, for months confined to isolated air attacks on shipping, has unexpectedly moved into a high-intensity phase. The situation in Lebanon is deteriorating rapidly.

There is a real connection between these two crisis areas. The most dangerous factor in the Gulf war and in Lebanon is the growth of Moslem fundamentalism. Since the end of World War II, the Middle East has been an arena of violence and a source of discord among the great powers. Now a new ingredient has been added to this witches' brew, and no one can say how far the poison will spread.

—Syndicated columnist Drew Middleton.

The Iraqi declaration that Iranian airspace is now a war zone endangers the lives of Japanese and other foreigners staying in Iran. In the course of the war, both sides have inflicted damage on third countries through attacks on tankers, mining of the sea and polluting seawater with oil spills to further their own aims. This is not fair. It is obvious that this war is the height of human folly.

—The Daily Yomiuri (Tokyo).

No Hurry in Southern Africa

The situation in both Mozambique and Angola is that neither the government nor the rebels seem able to sway the balance in their favor unaided, yet neither side is prepared to negotiate because each thinks it is on the road to victory. Apart from a few minor economic difficulties, South Africa is not seriously disadvantaged by the chaos that has resulted, and is far less dependent on good relations with its neighbors than the other way around. Pretoria would be glad if peace could be arrived at, but if not, it can live with the alternative.

—Neue Zürcher Zeitung (Zurich).

To Have Reductions In Offensive Missiles

By Jeremy J. Stone

WASHINGTON — The Reagan administration says it wants a "radical reduction" in offensive nuclear arms during the next 10 years. Such reductions are increasingly admitted to be crucial to the success of the defensive weapons that the administration seeks. Many observers have concluded that talk of radical reductions is just talk, unlikely to lead to any actual diminishing of nuclear arsenals.

But the new Soviet leadership might be able to force such reductions if it played its cards properly. The Russians clearly see the Reagan administration's Strategic Defense Initiative as an enormous obstacle to new agreements. But what if the Soviet Union decided to try to pre-empt and preclude "star wars" deployment through an agreement on reductions of offensive weapons? For example, the Russians might propose a program of continuing, progressively deeper cuts in

Nikolai Chervov of the Soviet general staff. If America proceeds with the SDI, he said, the Soviet Union will respond by adding new capabilities to its offensive arsenal.

It is not surprising that a Soviet general would think the best response to new American defensive measures is more offense to overcome them. This has been the traditional approach of both superpowers, and explains why they adopted the 1972 ABM treaty.

But the "star wars" defense will be a long time building, and to respond to it with new offensive weapons the Russians will have to come up with new kinds of weapons and new tactics anyway. So reductions of existing offensive systems could still be possible.

Such a strategy is also consistent with the Soviet use of arms control to moderate U.S.-Soviet relations. It is precisely this "bear hug" approach that is often feared by

'We both believed that we might conclude a 50-percent reduction in nuclear arsenals.'

offensive weapons that would continue only as long as the United States refrained from field-testing or deploying defense systems prohibited by the 1972 treaty banning anti-ballistic missile systems.

A well designed program of annual reductions of 5 percent in each side's inventory of warheads would bring substantial reductions in a relatively short time, and could politically tip "star wars." This might be the Soviet ace in the hole.

To make such a proposal the Russians would have to overcome their first instinct, which was outlined in Washington recently by General

American hawks opposing arms control, on the ground that relaxation of tension will really mean relaxation of American vigilance. On the other hand, steady reductions over a long period would be an appealing idea, bound to find many supporters in the United States, making it harder to reject.

There has been considerable support in the United States for the idea of progressive, steady reductions. In 1979 the Senate Foreign Relations Committee unanimously supported a resolution urging Moscow and Washington to pursue "continuous year-by-year reduc-

Defense Is Only a Vision; Deterrence Is a Reality

By Christoph Bertram

HAMBURG — A European who remembers the heated and bitter debate over whether U.S. Pershing and cruise missiles should be deployed must ask for understanding if he finds it difficult to follow the present American advocacy for strategic missile defense.

In the debate in Europe, anti-nuclear protesters, the political left and many churchmen were claiming that deterrence was no longer acceptable as the basis for security. It was, they said, profoundly immoral to threaten the destruction of another society. As we know, their protest did not succeed. But now no less a person than the president of the United States is saying virtually the same thing:

The human spirit must be capable of rising above [deterrence].
—March 1983.

Would it not be far more humanitarian to say that now we can defend against a nuclear war by destroying missiles instead of slaughtering millions of people?
—October 1984.

There is a better way of eliminating nuclear war than retaliation with a deadly counterstrike.
—February 1985.

What makes these remarks so disturbing is not that they may or may not be correct at some time in the 21st century, but the effect they have now in the 1980s and 1990s.

At this stage nobody knows if there ever can be, from a technical point of view, a reliable defense against ballistic missiles; most scientists doubt it. And nobody knows all the counter-measures that a determined enemy might develop. Nor does anyone know whether such a system could be funded. The price tags currently quoted of around \$500 billion are as speculative as the rest of the exercise.

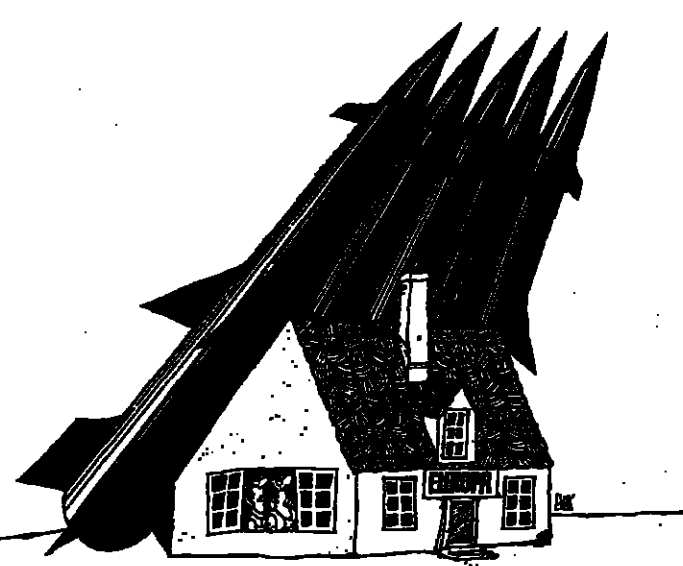
On this shaky basis, caution rather than enthusiastic advocacy would seem the order of the day. One would expect a serious research effort to

identify what is possible in defensive systems, coupled with persistent emphasis that, for the foreseeable future, there is no alternative to the "balance of terror" as the underpinning of our security.

Yet we are seeing something very different. From the highest authority of the Western world comes word that the dreadful, morally repugnant days of deterrence through the threat of retaliation are numbered and the bright, new and morally sound alternative of strategic defense is high.

If deterrence were a robust doctrine with strong public support, one could dismiss these statements as the typical American way of presenting visions as if they were reality. But deterrence is far from enjoying popular support. It has taken a serious knocking in recent years. Skepticism, doubts and outright rejection have grown in all Western societies.

There are many reasons for this.



By EWK in Affenblat (Stockholm). Distributed by Cartoonists & Writers Syndicate.

Seemingly Seamy and Thus Unseemly

By William Safire

WASHINGTON — "Unseemly" is not a word used often these days. If it is not illegal, goes the post-post-Watergate morality, it is not wrong. To denounce an act as "unethical" draws a smirk. "Improper" gets a shrug. The weakest of these, "unseemly," carries as little sting as "inappropriate."

I am reminded here on what observers in Washington have come to call, with world-weary amusement and not the slightest pricking of conscience, "the BMW affair."

As scandals go, it is no big deal. White House aides, advance men and Secret Service agents went to West Germany to make arrangements for President Reagan's trip to the Bonn economic summit in May. Many of the Americans proposed to make excellent arrangements for themselves, using diplomatic passports and their Reagan association to purchase BMW automobiles at a 20-percent discount.

A few of us — bluenoses, stiff, sensation-seeking ethicists — think it worthy to note the irony in the president's men paving the way for his economic discussions about the overvalued dollar by taking the time to ship home German-made cars for personal use in America.

Some doubt that it is fitting for White House aides, whose transportation to Europe was paid by the taxes of autoworkers in Detroit, to take advantage of that travel to buy the products of those who compete with American autoworkers.

A few others lift an eyebrow at the propriety of U.S. government officials getting something for

nothing. In the case of Michael Deaver, the presidential aide who rose to great heights on the basis of his sensitivity to public opinion, his "perk" was a saving of about \$8,000 on a sedan. What did BMW expect to receive in return for this largesse?

Ordinary American tourists and tax-harassed executives could ask: When these cars are resold in America new or used, should this discount, available only to some special Americans with black diplomatic passports, be reported to the IRS as a taxable fringe benefit?

After Newsweek unveiled the deal, a Secret Service spokesman told Howard Kurtz of The Washington Post that none of its agents were involved. Said a BMW official, asked if the special discount would be available if any White House officials planned to resell the cars, "I'm in the car business. I'm not in the morality business."

How did President Reagan react to the private dealings of advance men sent abroad on the public's business? His was the classic everybody-does-it response: "You're talking about something that has gone on for a great many years, that exists in our embassies in all other countries. It's a standard practice."

The White House counsel, Fred Fielding, was called upon to give his imprimatur to the car-buying scheme. The role of White House counsel has degenerated into (1) publicly condoning the tawdry acts, sort of outright graft, of staffers;

(2) docking embarrassing inquiries; (3) writing a new regulation to prevent others from doing it again.

True to form, Mr. Fielding put out a statement that he found "nothing per se illegal or unethical" about the purchases of the nine luxury cars on the Bonn advance. Then he distributed a directive forbidding future abuse of the diplomatic passport by advance men.

The Secret Service spokesman, it turns out, had been misinformed; some agents did purchase the BMW cars. White House aides who drive rickety American-made vehicles charge that this deal was brewed for months by members of the Secret Service White House detail. The new secretary of the Treasury should ask: Granted, such acceptance of foreign favors is not unlawful, but isn't it unseemly for these brave men to be touting foreign-car discounts on the side?

Ah, there is that word: "unseemly." When something gives you a creepy feeling, when the president of the United States is forced by the dictates of personal loyalty to uphold a practice he knows demeans his aides and his office; when the lawyer on the premises says it was okay up till now, but not to worry, it won't happen again — then we have an example of unseemliness.

People in high places tend to feed that an admission of unseemliness weakens them. Not so, Mr. Reagan would have done better to say: "I know it's been done all along, but that sort of thing doesn't set right with me. I told them to cut it out."

The New York Times.



By COCO in the China Times (Taipei). Distributed by Cartoonists & Writers Syndicate.

tions in the ceilings and subceilings under the [SALT-2] treaty so as to take advantage of the treaty already negotiated and to begin a sustainable and effective process of reductions in strategic arms."

At the June 1979 Vienna summit, after six months of Pentagon studies of the proposal, President Jimmy Carter suggested just such an agreement: a 5-percent annual shrinkage of SALT-2 limits and sub-limits for five years. As Mr. Carter reported later on his conversations with Leonid Brezhnev, "We both believed that we might conclude a 50-percent reduction in nuclear arsenals on both sides even before the SALT-2 levels." This would suggest that the Pentagon signed off on several years of this percentage of annual reduction of SALT-2 limits.

Shrinking SALT-2 by 50 percent would achieve most of the goals set by President Reagan in the 1982 speech in which he called for, among other things, reducing ballistic missile warheads to about 5,000. And while his administration called the SALT-2 treaty "fatally flawed," the principal flaw now cited is the treaty's failure to include disarmament. A proposal to shrink SALT-2 would repair that failure.

Moreover, an agreement of this kind would be easy to negotiate — it only requires agreement on a single percentage. Proposing it would give

the Russians both the moral high ground in these negotiations and a real prospect of heading off the defensive arms race that certainly worries them. Public opinion in Europe and America would surely be impressed by such an offer.

But a successful negotiation along these lines would not have to be seen as a victory for the Russians. On the contrary, it would give President Reagan an enormous triumph: He could describe it as just what he intended all along — real reductions. And he could keep his "star wars" research, provided it stays in the laboratories.

If, after far-reaching reductions, the two sides were willing to accept, wanted to purchase and could figure out how to live with some kind of population defense, President Reagan could get that, too.

Finally, for those of us who believe that "star wars" puts America on absolutely the wrong road for national security, there would be pre-emptive arms control instead. As the idea of building a defense gains momentum in America, there may be no better solution for the Russians than to hold "star wars" hostage with a reduction agreement of unlimited duration.

The writer is director of the Federation of American Scientists. He contributed this to *The Washington Post*.

clear retaliation in order to prevent an attack is a very different matter.

And we may have no choice. If past experience is any guide, the attempt to escape from the nuclear dilemma through strategic defense will end up like all other attempts in history that sought to replace offense by defense: with a new arms race, and, despite major efforts, no basic change.

If the Strategic Defense Initiative should escape this fate, it would be little short of miraculous — something to believe when it happens but not to bank on now.

The difference between those in favor and those against the SDI is whether, in some distant future, defenses against ballistic missiles could really constrain a determined enemy attack. That remains to be seen. In the meantime, as Paul Nitze, special adviser on arms control to the president and the secretary of state, notes, for "at least the next 10 years we will continue to base deterrence on the ultimate threat of nuclear retaliation. We have little choice; today's technology provides no alternative."

But the constant attempts from the White House to talk strategic defenses up by talking retaliation down will make it increasingly difficult to regenerate and maintain public support for the West's nuclear doctrine. What if, at the end of all the research, a strategic defense, the bright new world, fails to materialize and we arrive back where we started — in the old, grey world of deterrence?

Enthusiasm for the SDI is thus an example of the familiar human failing of constructing the future before mastering the present. Unless solid research results allow for a proper examination, it is an example of strategic escapism. There is, for a long time to come, no alternative to keeping the peace by threatening an enemy with nuclear destruction.

Political leaders, instead of straining further an already brittle consensus in our societies, should seek to strengthen it through realism and not weaken it through illusions. In the nuclear age, only realism around with deterrence at your peril.

The writer is political editor of the weekly *Die Zeit* and a former director of the International Institute for Strategic Studies in London. He contributed this comment to *The Washington Post*.

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Don't Split Europe's Convoy

By Giles Merritt

BRUSSELS — The Common Market is a joke, as anyone who has business in more than one European country can confirm. Trucks routinely held up at frontiers for hours on end, and often for days. Exporting goods to non-Community destinations can be more straightforward and profitable than coping with the bureaucratic demands of neighboring EC country.

So, on the face of it, the latest move by France and West Germany to link up with the three Benelux countries and form a super-efficient customs union at the heart of the Community might be warmly welcomed. In fact, it is a development that must be viewed with alarm.

The risk is that the five countries now trying to bind themselves together into a new common market will instead destroy the Community of 12. In order to streamlining their customs and immigration procedures, they may jeopardize the EC's political and economic ties.

The attractions of recreating an original spirit of the Community are understandable. There is conviction in Paris and Bonn that something has gone very wrong with the Community launched back in 1957, and that only the original signatories of the Rome treaty are sufficiently "European" to rebuild the EC that the founding fathers envisaged. (If Italy has been excluded from the negotiations now taking place in Paris, it is chiefly because President François Mitterrand fears the Italian propensity for delay.)

A strong flavor of the good old days, "was now a senior Belgian figure described the atmosphere where French and German ministers met Benelux counterparts in Brussels last month to launch the complex negotiations for dovetailing nation procedures. By early next year a treaty should be able to cross any border the new zone in under 10 minutes.

The French-German drive to cozy the tighter links of the Benelux economic union dates back to last July and the Kohl-Mitterrand summit in Saarbrücken. Hard on the heels of the previous month's Fontainebleau decision by all the EC heads of government that internal trade liberalizations were urgently needed, if two leaders evidently concluded that they could not wait for Brussels' cumbersome diplomatic procedure.

The Benelux countries were delighted. They are ardent supporters of ever closer European integration. They have been the Community's soul and conscience ever since 1 day in September 1944 when the Belgian, Netherlands and Luxembourg governments-in-exile met in London's Savoy Hotel to agree on a common front that came into force 10 years later as the EC's precursor.

The Benelux union has remained kernel of the Community with special cooperation pacts uniting the three governments. But it is transforming into something much less desirable by the addition of France and West Germany. It becomes the vehicle of a "two-speed Europe."

The possibility that the EC is splitting, with one group forging ahead while the other lags ever farther behind, is an old political bogey. The EC's cohesion and its international clout would be weakened.

Yet the truth is that synchronizing the political stances of the 10 member governments has become progressively harder, and most of those governments have begun to entertain ideas of a two-speed Europe even if they have been careful not to say so.

The code words are "Europe of variable geometry," meaning projects like Airbus that do not preclude mirror EC membership, and "a twin tier Europe" that acknowledges that some EC countries are richer than others even if economic convergence is officially the Community's goal.

For more than 25 years the ethos of Europe has been that convergence is essential to unity. But that spirit of enlightened self-interest by the richer EC countries no longer prevails. Chancellor Helmut Kohl made plain enough in Dublin last September when he said that the EC's a convoy that can no longer afford to sail at the speed of the slowest ship.

Mr. Kohl and others who believe that the EC's future lies with the countries that are the most progressive might reflect on the war-torn technique of convoying. The bigger they are, the safer they become.

It is in any case impossible to tie the clock back to the time when the Community was a trading bloc. Even today, Bonn and Paris would do well to discuss trade liberalization with all of their EC partners.

International Herald Tribune.

LETTER TO THE EDITOR

Missiles and Missiles

The editorial "The MX in the Real World" (March 2) contains two errors. The first is the notion that the United States has no missiles matching the capabilities of the Soviet SS-18s and SS-19s. The capability of interest here is the ability to destroy missile silos, a capability that depends mainly on accuracy and that can be quantified in terms of the "silo destruction probability." The U.S. Minuteman-3 missile with a Mark 12A warhead, first deployed in 1979, is accurate to within 220 meters (720 feet) and has a destruction probability of 58 percent against typical silos. The Soviet SS-18 (in the 10-warhead model) has an accuracy of 260 meters and a destruction probability of 56 percent. The SS-19 is similar. These highly accurate Soviet models were first deployed in 1982, three years after the upgraded model of the Minuteman-3, and are obviously comparable to it. The MX, on the other hand, will be the first of the true silo-

destroying ICBMs, having an accuracy of 90 meters and a destruction probability of 99 percent.

The second error is the notion that the Soviets have an advantage due to their ability to knock out a high percentage of U.S. ICBMs. The U.S. can knock out of theirs. Seen above, this situation is not to any advantage of Soviet missile technology. It is entirely due to the fact that the Soviets have placed percent of their warheads on large ICBMs, while the United States has put only 25 percent ICBMs, wisely basing the remainder on bombers and submarines. So, of course the Soviets can destroy a high percentage of America's ICBMs, but ICBMs are only part of the Soviet strategic force. It is actually significantly more vulnerable to a U.S. surprise attack than the total U.S. force is to Soviet attack. MX deployment makes this disparity much greater.

ART HOBSON

Stockholm

FROM OUR MARCH 21 PAGES, 75 AND 50 YEARS AGO

1910: U.S.-Canadian Trade at Issue

ALBANY, New York — President Taft and Earl Grey, governor-general of Canada, sat together [on March 19] at a banquet at the University Club. Both made speeches on the subject of friendly relations. Earl Grey said: "So long as the Stars and Stripes and the Union Jack get together there will always be fair weather." Mr. Taft, referring to the tariff conference which will take place between himself and the Canadian Minister of Finance [on March 20], said that every effort would be put forth by the United States to find a means of avoiding the creation of a tariff wall between America and Canada. He said: "It is to our great advantage to be just to Canada, and to her advantage to be just to us."

1935: Dust Storms Pall Middle West

CHICAGO — One of the worst dust storms in the history of the Middle West, and the third within the week, swept over Kansas and Nebraska [on March 20], blotting out the sun, halting traffic and forcing people to stay indoors. Thousands of tons of dirt in fine particles were swept through the air. When the wind slackened, this settled to a depth of half an inch or more, sifted into houses and shops and crunched under foot. Wet sheets packed about doors and windows gave but slight protection against the infiltration. People in Kansas are getting used to going to bed and finding the covers weighed down with dirt in the morning. The condition prevailed from Wyoming and the Dakotas to the Texas Panhandle.

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SCIENCE

IN BRIEF

Turkish Scientist Suggests Ark Site

ANKARA (Reuters) — Noah's ark could not have landed on Mount Ararat in Turkey, where many have sought its remains, according to a report by Yilmaz Guner, a government geologist who analyses forms of landscape. But he did not rule out the possibility of the ark's having come to rest on Mount Cudi, also in Turkey.

In a paper prepared for a scientific convention, Dr. Guner said that the Old Testament flood was probably an ocean tidal movement and that Ararat, near the Soviet border, was too high to have been reached by it. A possible landing place was Cudi, near the border with Iraq, he said.

He said a boat-shaped rock formation on Ararat was merely a shape frequently found in volcanic regions.

Bees Said to Store Photo-Like Images

WASHINGTON (NYT) — The ability of honeybees to remember the shapes and patterns of flowers seems more sophisticated than scientists had realized.

Dr. James L. Gould of Princeton, using an experimental device that had artificial flowers with different patterns, tested honeybees' abilities to learn the differences. He concluded, in a report in *Science* magazine, that bees can indeed remember by storing photo-like images in their brains.

There also seem to be prejudices built into honeybees' recognition systems, he said. For example, it has also been learned recently that bees seem to prefer the color violet. No one knows exactly why this preference exists, but the bees will learn most quickly to recognize violet-colored sources of food.

World Has 344 A-Plants, Agency Says

VIENNA (NYT) — By the end of 1984, the International Atomic Energy Agency reports, there were 344 atomic reactors — 33 came on line last year — delivering electric power in 26 countries. The agency said nuclear reactors have an accumulated 3,500 years of operating experience with no accident having significant harmful effects on the public.

The percentage of U.S. electricity derived from nuclear power, the agency reported, was 13.5, roughly equal to the world average. The statistic for the Soviet Union was 9 percent.

The French percentage, 58.7, was highest, followed by Belgium, 50.8 percent, and Finland and Sweden, both more than 40 percent. Others included Switzerland, 36.5; Bulgaria, 28.6; West Germany 23.2; Japan, 22.9; Hungary, 22.2; Spain, 19.3; Britain, 17.3; Canada, 11.6; Czechoslovakia, 8.5; and the Netherlands, 5.8.

Cities Called Mosquito Breeders

ATLANTIC CITY, New Jersey (AP) — U.S. urban areas have become prime breeding grounds for mosquitoes, which are attracted by lights and pools of water, Dr. William R. Horsfall, professor emeritus at the University of Illinois at Urbana-Champaign, has told the American Mosquito Control Association at its annual meeting.

One result of the rising urban mosquito population may be an increase in cases of mosquito-carried disease, he said. "Nationally, the mosquito population is greatly reduced," he said, but the insect's numbers are on the rise in metropolitan areas.

Dr. Horsfall said lights on buildings and the blue street lights popular in most urban centers draw mosquitoes, while sodium vapor street lights with an orange glow are less alluring. In addition, development in cities as upset normal drainage, he said.

New Coating Sought for Catheters

GAINESVILLE, Florida (UPI) — Infections associated with urinary catheterization, which about 7.5 million people undergo in the United States every year, are believed to contribute to up to 56,000 deaths annually, but a University of Florida engineer is trying to develop a coating to prevent the buildup of crystalline material frequently observed on such infections.

Chris Batich, a materials engineer, said the coating would prevent calcium oxalate crystals from sticking to the portion of the catheter that enters the bladder and in the interior of the tube.

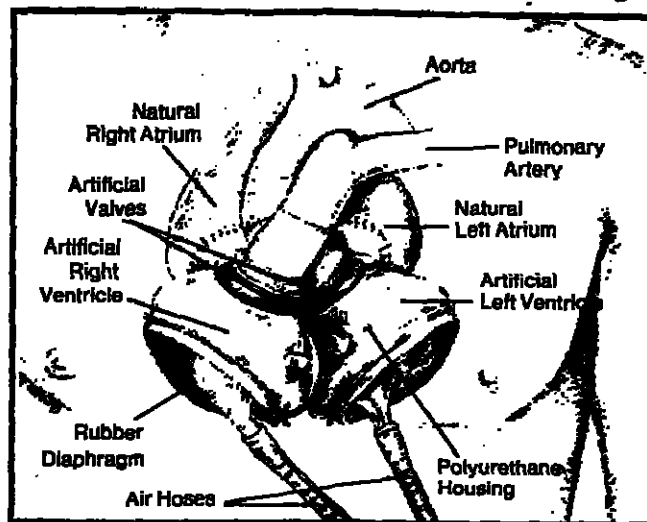
Catheter manufacturers usually apply silicone or Teflon coatings to the tubes. But Mr. Batich said the coating must be able to flex with the inflation of the small balloon that locks the catheter in place, and tiny cracks that attract the crystals often develop on the surface.

Learning to Live With the Artificial Heart

By Lawrence K. Altman
New York Times Service

TUCSON, Arizona — William J. Schroeder did not attend his son's wedding Saturday, but he did attain a medical milestone. Despite extreme physical weakness and damage from a severe stroke, he reached his 112th day on a Jarvik-7 heart. That is how long Dr. Barney Clark, the first human to receive the device, lived with it.

Artificial hearts got two other boosts last week, both from the Food and Drug Administration. The federal agency approved Dr. William S. Pierce's plans to use the Penn State heart experimentally at the Hershey (Pennsylvania) Medical Center. And an FDA official on a fact-finding visit to the University of Arizona Medical Center encouraged Dr. Jack G. Copeland to seek permission to use artificial hearts in the transplant program he heads here in Tucson.



How Jarvik-7 artificial heart fits into chest.

ventricle, giving the damaged muscle time to recover.

Dr. Copeland used the Phoenix heart as a temporary measure, although he said later that he had not considered what he would have done if, during the time it was sustaining Mr. Creighton, the patient had had another stroke or other medical catastrophe that would have made the second transplant inadvisable. Dr. Copeland said the machine, which was designed for a calf, not a human, worked flawlessly until it was removed to give Mr. Creighton his fourth heart of the week (counting the one he was born with). The surgeon said Mr. Creighton's death was not due to the artificial heart but to complications from being on a heart-lung bypass machine for more than 10 hours while Dr. Copeland waited for the artificial organ to arrive by helicopter.

Although some legal and ethics experts criticized Dr. Copeland's action and said the government

should take steps to prevent further such moves, Dr. David W. Johnson of the FDA called it "a unique emergency."

Dr. Johnson, who made his comments after a five-hour meeting with officials and physicians at the University of Arizona, said he would review the case with his superiors in Washington. "We may find that the FDA is part of the problem," he said. "Maybe we should be approaching some situations differently than we have."

Legal and bureaucratic considerations aside, such use of the artificial heart would give heart transplant patients the benefit of backup technology now available to kidney transplant patients. When someone awaits a kidney transplant or the organ fails after surgery, an individual can be sustained by dialysis, which usually involves a thrice-weekly cleansing of the blood. This allows greater freedom than that now offered to a

total artificial heart recipient, who must be tethered to a power supply while the device is in place.

But in bringing natural heart transplant procedures within reach of more patients, artificial hearts can be expected to aggravate an already serious shortage of organs. Dr. Copeland counted on an informal priority system to move Mr. Creighton to the head of the waiting list for his second human heart transplant. It would certainly be harder, ethically if not practically, to jump an individual ahead of others when artificial devices were keeping more end-stage heart patients alive.

Further, the demand for human hearts to transplant is likely to increase because of the one million or so Americans who have undergone coronary bypass surgery. Many are bound to become transplant candidates as the veins taken from their legs and put in their hearts deteriorate from the inextinguishable damage of atherosclerosis, the underlying cause of their heart disease.

Little wonder that Dr. William C. DeVries, the surgeon who implanted the Jarvik-7 in Mr. Schroeder and Dr. Clark, believes that patients and doctors must consider all artificial hearts permanent. Even if medical catastrophes that could make transplant operations inadvisable are avoided, he argues, there will still be no assurance that a human heart will be available.

Effectiveness of Heart Drugs

WASHINGTON — Studies show that tissue plasminogen activator, which can limit the severity of heart attacks, is almost twice as effective as streptokinase, a similar substance now on the market, according to Dr. Eugene Passamani, associate director of the National Heart, Lung and Blood Institute.

Skyrocketing Shuttle Prices Pose Dilemma

WASHINGTON — NASA proposes to raise the price of a space shuttle flight to \$87 million starting in 1989, but the U.S. Transportation Department wants even higher prices so commercial rockets can compete for satellite launching business.

Therein lies a dilemma. A new report by the Congressional Budget Office says significantly higher prices for a shuttle launch will divert some of its business to the expendable European rocket Ariane unless the Ariane consortium raises its prices. But unless the shuttle prices are considerably higher than the National Aeronautics and Space Administration proposes, companies trying to find business for expendable Delta and Atlas-Centaur rockets are not likely to succeed, the report said.

If the price of carrying a satellite aboard the shuttle is so high that it makes it cheaper to fly on a Delta or Atlas-Centaur, NASA will lose all but the most spe-

cialized commercial and foreign satellite business, the budget office said. That would mean the cost to taxpayers for the remaining shuttle missions would be much more than it would be if NASA had commercial and foreign business to go along with military and space-agency missions.

The price for a shuttle launch is \$38 million in 1982 dollars. Starting next year and running through 1988, the price will be \$71 million in 1982 dollars, but the analysis said that will not cover all costs.

The NASA administrator, James M. Beggs, said President Ronald Reagan directed NASA to produce a pricing plan for "full cost recovery" for shuttle operations starting in 1989. Eric Hanushek, deputy director of the Congressional Budget Office, told a House subcommittee that NASA proposed \$87 million a flight for 1989 through 1991. Mr. Hanushek said that price — figured on the basis of 1982 dollars — called for recovery of average operational costs only.

SUPERNOVA SEEN — U.S., Argentine and Chilean astronomers have reported the first detailed observations of early stages of a supernova, an explosion believed to mark the demise of a giant star. Data from the 1983 observations has taken until now to interpret.

June 6, 1983: Star in galaxy NGC 4699 found to have brightened 300 times.

June 14, 1983: Hypothetical shock wave, 80 percent of way to surface.

June 23, 1983: Shock wave reaches surface; star at maximum brilliance.

Late July 1983: Star, blasted apart by the supernova explosion, reaches a radius of 8 billion miles.

Natural Optical Astronomy Observations

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New York	10 nonstop 747's a week
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Miami	Daily 747's
Tampa	Thu, Fri, Sat, Sun. 747's
Los Angeles	Daily 747's (except Tue & Wed)
San Francisco	Fri, Sat, Sun, Mon, 747's
Seattle	Thu and Sat. Nonstop 747's
Berlin	Twice a day
Hamburg	Daily
Frankfurt to:	
New York	Daily nonstop 747's
Berlin	Multiple Daily
Munich to:	
New York	Daily 747's
Zurich	Nonstop 747's on Fri, Sat, Sun.
Hamburg to:	
London—USA	Daily
Berlin	Multiple Daily
Nuremburg to:	
Brussels—USA	Daily
Berlin	Multiple Daily

Stuttgart to:	
Berlin	Multiple Daily
Zurich	Multiple Daily
New York	Fri, Sat, Sun.
Berlin to:	
Frankfurt	Multiple Daily
Stuttgart	Multiple Daily
Hamburg	Multiple Daily
Nuremburg	Multiple Daily
Zurich	Multiple Daily
London	Twice a day
Brussels	Daily
Zurich to:	
New York	Nonstop 747's on Fri, Sat, Sun.
Munich	Nonstop 747's on Fri, Sat, Sun.
Stuttgart—Berlin	Daily
Paris to:	
New York	Daily 747's (except Tue, Wed).
Rome	Wed, Sun. 747's

Rome to:	
New York	Daily 747's (except Tue, Wed).
Paris	Mon & Thu. 747's
Brussels to:	
New York	Daily
Washington	Daily
Miami	Daily
West Coast	Daily (except Tue, Wed).
Tampa	Thu, Fri, Sat, Sun.
Nuremburg	Daily
Berlin	Daily
Dhahran to:	
New York	Nonstop 747's on Wed and Sat.
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New York—Washington	Twice Daily
New York—Miami	Twice Daily
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Miami—Los Angeles	Daily

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NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	172.50	172.00	172.00	-0.50	
AT&T	102.00	101.50	101.50	-0.50	
GE	115.00	114.50	114.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	

Dow Jones Averages					
Open	High	Low	Last	Chg.	
Index	1271.50	1270.00	1270.00	-1.50	
Indust.	1175.00	1174.00	1174.00	-1.00	
Transp.	1424.00	1423.00	1423.00	-1.00	
Utilities	1424.00	1423.00	1423.00	-1.00	
Finance	1424.00	1423.00	1423.00	-1.00	

NYSE Index					
High	Low	Close	Prev.	Chg.	
Composite	1271.50	1270.00	1271.50	-1.50	
Indust.	1175.00	1174.00	1175.00	-1.00	
Transp.	1424.00	1423.00	1424.00	-1.00	
Utilities	1424.00	1423.00	1424.00	-1.00	
Finance	1424.00	1423.00	1424.00	-1.00	

AMEX Diaries					
Class	Prev.	Close	Prev.	Close	
Advanced	20.00	20.00	20.00	20.00	
Declined	20.00	20.00	20.00	20.00	
Unchanged	20.00	20.00	20.00	20.00	
Total Issues	20.00	20.00	20.00	20.00	
New Issues	20.00	20.00	20.00	20.00	

NASDAQ Index					
Week	Year	Open	High	Low	Close
Composite	1985	200.00	200.00	200.00	200.00
Indust.	1985	200.00	200.00	200.00	200.00
Transp.	1985	200.00	200.00	200.00	200.00
Utilities	1985	200.00	200.00	200.00	200.00
Finance	1985	200.00	200.00	200.00	200.00

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	172.50	172.00	172.00	-0.50	
AT&T	102.00	101.50	101.50	-0.50	
GE	115.00	114.50	114.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
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Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	

AMEX Stock Index					
High	Low	Close	Prev.	Chg.	
Index	1271.50	1270.00	1271.50	-1.50	
Indust.	1175.00	1174.00	1175.00	-1.00	
Transp.	1424.00	1423.00	1424.00	-1.00	
Utilities	1424.00	1423.00	1424.00	-1.00	
Finance	1424.00	1423.00	1424.00	-1.00	

Dow Jones Bond Averages					
Open	High	Low	Last	Chg.	
Index	1271.50	1270.00	1271.50	-1.50	
Indust.	1175.00	1174.00	1175.00	-1.00	
Transp.	1424.00	1423.00	1424.00	-1.00	
Utilities	1424.00	1423.00	1424.00	-1.00	
Finance	1424.00	1423.00	1424.00	-1.00	

NYSE Diaries					
Class	Prev.	Close	Prev.	Close	
Advanced	20.00	20.00	20.00	20.00	
Declined	20.00	20.00	20.00	20.00	
Unchanged	20.00	20.00	20.00	20.00	
Total Issues	20.00	20.00	20.00	20.00	
New Issues	20.00	20.00	20.00	20.00	

Odd-Lot Trading in N.Y.					
March 19	March 20	March 21	March 22	March 23	March 24
100	100	100	100	100	100
200	200	200	200	200	200
300	300	300	300	300	300
400	400	400	400	400	400
500	500	500	500	500	500

Standard & Poor's Index					
High	Low	Close	Prev.	Chg.	
Index	1271.50	1270.00	1271.50	-1.50	
Indust.	1175.00	1174.00	1175.00	-1.00	
Transp.	1424.00	1423.00	1424.00	-1.00	
Utilities	1424.00	1423.00	1424.00	-1.00	
Finance	1424.00	1423.00	1424.00	-1.00	

AMEX Sales					
3 P.M. volume	Prev. 3 P.M. volume	Prev. 3 P.M. volume	Prev. 3 P.M. volume	Prev. 3 P.M. volume	Prev. 3 P.M. volume
100	100	100	100	100	100
200	200	200	200	200	200
300	300	300	300	300	300
400	400	400	400	400	400
500	500	500	500	500	500

AMEX Stock Index					
High	Low	Close	Prev.	Chg.	
Index	1271.50	1270.00	1271.50	-1.50	
Indust.	1175.00	1174.00	1175.00	-1.00	
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Finance	1424.00	1423.00	1424.00	-1.00	

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	172.50	172.00	172.00	-0.50	
AT&T	102.00	101.50	101.50	-0.50	
GE	115.00	114.50	114.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	
Amgen	125.00	124.50	124.50	-0.50	

Trading Active on N.Y. Market					
12 Month	High	Low	Stock	Div. Yld. PE	Chg.
100	100	100	100	100	100
200	200	200	200	200	200
300	300	300	300	300	300
400	400	400	400	400	400
500	500	500	500	500	500
600	600	600	600	600	600
700	700	700	700	700	700
800	800	800	800	800	800
900	900	900	900	900	900
1000	1000	1000	1000	1000	1000
1100	1100	1100	1100	1100	1100
1200	1200	1200	1200	1200	1200
1300	1300	1300	1300	1300	1300
1400	1400	1400	1400	1400	1400
1500	1500	1500	1500	1500	1500
1600	1600	1600	1600	1600	1600
1700	1700	1700	1700	1700	1700
1800	1800	1800	1800	1800	1800
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2500	2500	2500	2500	2500	2500
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2700	2700	2700	2700	2700	2700
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2900	2900	2900	2900	2900	2900
3000	3000	3000	3000	3000	3000
3100	3100	3100	3100	3100	3100
3200	3200	3200	3200	3200	3200
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3400	3400	3400	3400	3400	3400
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3600	3600	3600	3600	3600	3600
3700	3700	3700	3700	3700	3700
3800	3800	3800	3800	3800	3800
3900	3900	3900	3900	3900	3900
4000	4000	4000	4000	4000	4000
4100	4100	4100	4100	4100	4100
4200	4200	4200	4200	4200	4200
4300	4300	4300	4300	4300	4300
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4900	4900	4900	4900	4900	4900
5000	5000	5000	5000	5000	5000
5100	5100	5100	5100	5100	5100
5200	5200	5200	5200	5200	5200
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5400	5400	5400	5400	5400	5400
5500	5500	5500	5500	5500	5500
5600	5600	5600	5600	5600	5600
5700	5700	5700	5700	5700	5700
5800	5800	5800	5800	5800	5800
5900	5900	5900	5900	5900	5900
6000	6000	6000	6000	6000	6000
6100	6100	6100	6100	6100	6100
6200	6200	6200	6200	6200	6200
6300	6300	6300	6300	6300	6300
6400	6400	6400	6400	6400	6400
6500	6500	6500	6500	6500	6500
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6700	6700	6700	6700	6700	6700
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6900	6900	6900	6900	6900	6900
7000	7000	7000	7000	7000	7000
7100	7100	7100	7100	7100	7100
7200	7200	7200	7200	7200	7200
7300	7300	7300	7300	7300	7300
7400	7400	7400	7400	7400	7400
7500	7500	7500	7500	7500	7500
7600	7600	7600	7600	7600	7600
7700	7700	7700	7700	7700	7700
7800	7800	7800	7800	7800	7800
7900	7900	7900	7900	7900	7900
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8100	8100	8100	8100	8100	8100
8200	8200	8200	8200	8200	8200
8300	8300	8300	8300	8300	8300
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8800	8800	8800	8800	8800	8800
8900	8900	8900	8900	8900	8900
9000	9000	9000	9000	9000	9000
9100	9100	9100	9100	9100	9100
9200	9200	9200	9200	9200	9200
9300	9300	9300	9300	9300	9300
9400					

Statistics Index

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NYSE high/low	P.10	Interest rates	P.11
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Herald Tribune

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WALL STREET WATCH

With Dollar Up, Analysts Look to the Service Sector

By EDWARD ROHRBACH

PARIS — With the dollar acting so unstable that it is liable to go out and shoot somebody, investors in U.S. stocks can't be blamed for trying to find cover. But where to hide? Greg A. Smith, director of research at Prudential-Bache, has summed up the problem:

"If the dollar declines sharply," he noted, "investors in the stock market could lose valuation as bond and other interest rates react to the dollar's weakness."

"If the dollar remains near current levels or moves higher, profits could easily be flat for the year," he added, "which would suggest that even with a better valuation, the stock market is very near fairly valued based on our expectations that stocks would sell at between 11 and 12 times earnings this year."

With the strong dollar undercutting corporate profits so severely, Mr. Smith said investors must now "segment the universe of companies" on Wall Street between service-type, which are relatively unaffected by currency movements, and those in the manufacturing sector that are affected.

"The stock market as it is presently constructed really doesn't line up with the strength of the U.S. economy, which, as most investors know, has been moving toward a service orientation for some time," he continued. "We have a service economy and a manufacturing stock market."

Fred Frankel, chief investment strategist at the firm, elaborated that this "bodes very poorly" for most stock-market indexes, because "in general, large capitalization companies are more negatively impacted by the dollar's strength than many small public or privately traded companies."

Only about one-third of market capitalization is in service-related stocks, while two-thirds of Standard & Poor's 500 equities is still related to goods production, he pointed out.

Taking all this into account, Prudential-Bache has been adding stocks in the service sector to its "ultra-focus list," most recently Shoney's and Jager. Meanwhile, all technology stocks have been removed from the list, Mr. Smith explained. "It reflects that the part of the economy represented by manufacturing has really not felt the recovery that the economists have been saying exists."

Where the dollar will head and its effect on Wall Street is "plaguing investors at home and abroad," echoes Thom R. Brown, chairman of the investment policy committee at Butcher & Singer.

However, he added: "The current dollar problem will be in good part alleviated and investor psychology will improve dramatically if Washington produces positive action towards reducing the deficit."

Decisive action here, he predicted, will produce "a powerful upsurge" that could carry the Dow average "well above the 1,500 level."

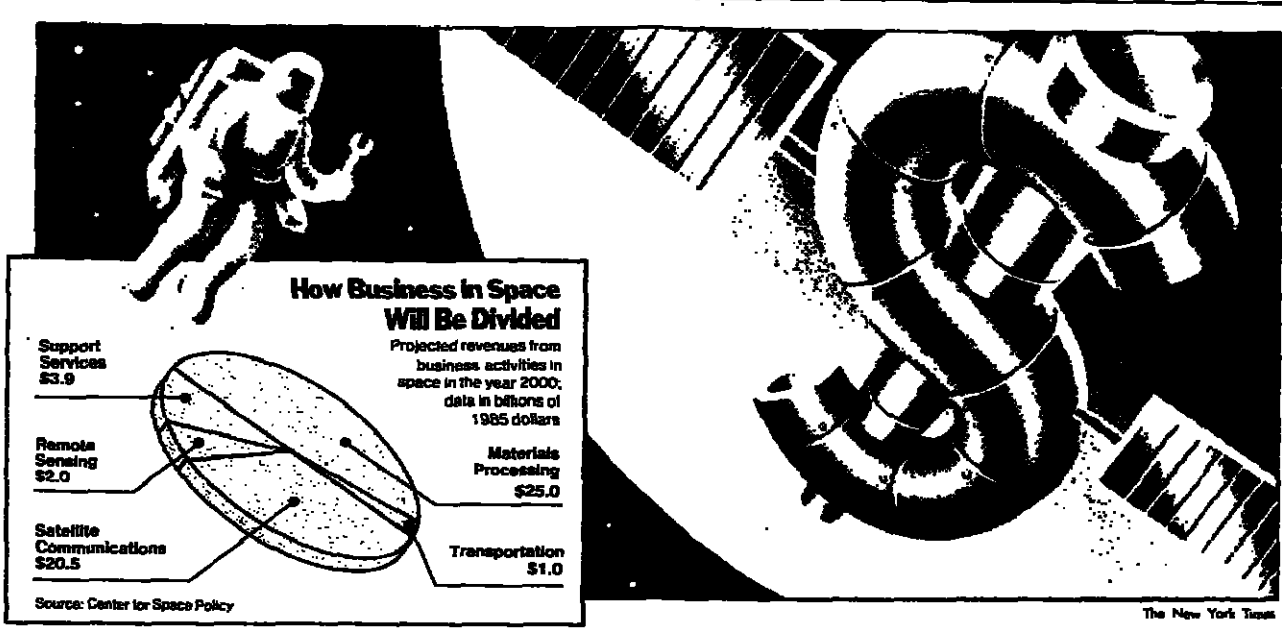
Stocks among the Dow industrials that Butcher & Singer thinks would advance "30 percent or better from current levels, given restoration of investor confidence," are Alcoa, DuPont, IBM, Minnesota Mining & Manufacturing, U.S. Steel, AT&T, Goodyear, International Paper and Owens-Illinois.

"Stop worrying about higher interest rates," he added. "It is simply not in the cards as long as the dollar stays strong."

The dollar's latest gyrations are providing new challenge to what Robert G. Heisterberg calls "world-class investing." He is research director at Alliance Capital Management, which handles more than \$20 billion, making it Wall Street's largest investment manager outside the money-market funds.

Criticizing U.S. institutional investors for being "uninterested and underinvested" in other countries' markets, he said it is essential now in analyzing companies to evaluate their prospects

(Continued on Page 15, Col. 8)



Europe and U.S. Race to Commercialize Space

By John W. Anderson

HOUSTON — Mention the "space race" and most people still think of a battle for military supremacy between the Soviet Union and the United States.

But a new space race has developed, the spoils of which are not political but economic. It is the push to command the lion's share of private rockets and communications satellites; to make pharmaceuticals, semiconductors, and other delicate products in a totally controlled environment.

At stake is more than \$52 billion in annual revenues by the end of the century, according to Center for Space Policy, a Cambridge, Massachusetts, research investment firm. Preliminary results show that the United States is running behind the competition.

"We are moving slow as turtles compared to the Europeans," warned Christopher Podsiadly, director of the Science Research Laboratory at Minnesota Mining & Manufacturing Co.

The problem is not lack of scientific acumen, but cash. By starting to "privatize" space activities — for example, by selling to the private sector rights to rockets originally built for and owned by the National Aeronautics and Space Administration — President Ronald Reagan has put U.S. companies in a dilemma.

For although U.S. concerns have been given a shot at a potentially mammoth market, they are pitted against European concerns that are subsidized by their governments. If this situation continues, U.S. companies say they will fall permanently behind in all aspects of the commercialization of space.

Transpace Carriers Inc., a 17-employee company in Greenbelt, Maryland, is experiencing such problems in its attempts to turn its newly acquired rights to launch a Delta rocket into a thriving business.

The company was started in 1982 by a group of NASA technicians who wanted to capitalize on the government's decision to allow private companies to launch rockets. McDonnell Douglas Corp., the manufacturer of the Delta rocket used in more than 160 government-run launches of satellites and scientific experiments, has agreed to build it for Transpace.

Transpace has yet to take physical ownership of a rocket, but has spent \$9.5 million setting up shop and trying to drum up interest from telecommunications companies and anyone else who might eventually launch satellites.

The company was prepared for U.S. competition. For example, General Dynamics Corp. now holds ownership rights to the Atlas Centaur rocket and plans to launch it itself. And the government-owned space shuttle has been launching communications

(Continued on Page 13, Col. 3)

New Law Allows Thrift Units in Ohio to Reopen

By Gary Klorr

COLUMBUS, Ohio — The Ohio Legislature approved emergency legislation Wednesday allowing 69 closed savings and loan associations to open and give depositors \$750 per month until state officials permit the institutions to resume normal operations.

Governor Richard F. Celeste quickly signed the legislation and later met privately with about 120 executives of closed savings and loans. After the meeting, Thomas Batties of the state Commerce Department's savings and loan division said that the first institution might reopen Thursday.

"We are protecting \$4 billion, the savings of 500,000 Ohioans," Mr. Celeste said in a statement prepared for the signing.

The measure approved would allow an institution to reopen as soon as it applies for federal deposit insurance and state banking officials determine that it is in strong enough financial shape to qualify for the insurance.

The impact of the crisis spread to international financial markets Tuesday and was blamed for a rise of about \$36 an ounce in the price of gold and a sharp decline for the dollar.

Although investors in Europe may have reacted in an exaggerated fashion, analysts said, the Ohio troubles were one more indication that the American banking system is far more unstable than it used to be.

After two days of legislative debate and partisan politics, the Republican-dominated Senate voted unanimously early Wednesday to approve a House measure passed several hours earlier.

The measure would allow all institutions to open almost immediately on a limited basis so the 500,000 depositors affected by the closings could withdraw up to \$750 a month to meet necessities.

Mr. Celeste ordered closed 70 state-chartered but privately insured thrift institutions last Friday after mounting concerns over the Ohio Deposit Guaranty Fund triggered a multimillion-dollar customer run on deposits at several of the institutions.

The run was touched off by the collapse earlier this month of Home State Savings Bank in Cincinnati after it was disclosed that it may have lost \$100 million in the collapse of a Florida securities company.

Over the weekend, state and Federal officials decided that federal deposit insurance was the only way to restore enough public confidence in the institutions to allow them to reopen.

One association reopened Monday as a member of the Federal Savings and Loan Insurance Corp.

Dollar Falls Again in Europe; GATT Says World Trade Rose in '84

Gold Rises in Wild Trading

The Associated Press

LONDON — The U.S. dollar finished lower Wednesday against most major currencies after a volatile bout of trading in London, while gold prices swung widely but finished higher in Europe.

Dealers were reluctant to forecast whether the dollar's slide this week in foreign-exchange trading heralded a sustained turnaround.

Stephen Crooke, an exchange dealer with Irving Trust, described the trading as "violent, volatile, nervous," and said the British pound looked especially strong, buoyed by Tuesday's unveiling of a 1985-86 budget.

The pound strengthened to \$1.1750 during trading in London, but fell back in late trading to close at \$1.1515. It closed at \$1.1365 late Tuesday.

In Tokyo, the dollar closed at 256.90 Japanese yen, down from 259.50 yen Tuesday.

Other late rates in Europe, compared with Tuesday's late levels, included: 3.262 Deutsch marks, down from 3.273; 2.7515 Swiss francs, down from 2.7815; and 9.99 French francs, down from 10.059.

Gold opened in London at a bid of \$337.50 an ounce, and closed at \$324.00, up from \$316.75. In Zurich, gold closed at \$323, up from \$318.50 on Tuesday.

Compiled by Our Staff From Dispatches

GENEVA — The volume of global trade increased 9 percent in 1984, fueled by the U.S. economic recovery that also posed an "increasing threat to international trade relations," the General Agreement on Tariffs and Trades said Wednesday.

The value of world trade, down 2 percent in 1983, rose 6.5 percent to \$1.95 trillion, GATT said in its first estimate of international commerce in 1984. It was the first significant growth since 1979 and put the value close to the 1980 record of \$1.99 trillion.

U.S. imports accounted for more than half of the increase, the study said. The trade expansion was dominated by exchange among North America, Western Europe and Japan.

The study called the U.S. share "disproportionately large" and said it contributed to the record deficit in Washington's international accounts. GATT also said the increase could endanger international trade relations by adding to protectionist pressures in the United States.

The difference between the value and volume figures resulted from the rising dollar, which made the value of many countries' exports decline when expressed in the U.S. currency.

The study said that trade tensions "are at least as strong as during the recession years." It noted that the U.S. recovery had not extended to all sectors of the economy, leading to growing demands for protection from U.S. basic industries, which are especially threatened by imports.

The strong dollar and a record increase in the U.S. trade deficit "are posing an increasing threat to international trade relations by adding to protectionist pressures," the GATT study said it was "a misunderstanding" that import restrictions could reduce the trade deficit and expand employment in the long term.

Trade tensions also resulted from "the weak growth and further increase in unemployment" in Western Europe, which had kept alive protectionist sentiment there, the study said.

The study said that Japan "responded more strongly than Western Europe to the stimulus from the United States," with exports increasing 16 percent. (AP, Reuters)

U.K. Banks Cut Their Base Rate

Reuters

LONDON — Britain's four major clearing banks Wednesday cut their base rate to 13 1/2 percent from 14 percent following the British budget statement Tuesday discouraging a sharp reduction in interest rates.

Barclays Bank PLC was the first to act, followed by Midland Bank PLC, National Westminster Bank PLC and Lloyds Bank PLC. The base rate is the rate on which banks determine interest charged to borrowers and paid to depositors.

Base rates were raised to 14 percent from 12 percent Jan. 28, having already been increased twice in that month to defend the pound

Currency Rates

Late interbank rates on March 20, excluding fees. Official fixings for Amsterdam, Brussels, Frankfurt, Milan, Paris. New York rates at P.M.

	\$	DM	FF	£	Yen	DM	FF	£	Yen
London	1.1515	2.7815	11.365	1.1365	256.90	1.1515	2.7815	11.365	256.90
Frankfurt	1.1515	2.7815	11.365	1.1365	256.90	1.1515	2.7815	11.365	256.90
Paris	1.1515	2.7815	11.365	1.1365	256.90	1.1515	2.7815	11.365	256.90
Brussels	1.1515	2.7815	11.365	1.1365	256.90	1.1515	2.7815	11.365	256.90
Amsterdam	1.1515	2.7815	11.365	1.1365	256.90	1.1515	2.7815	11.365	256.90

Dollar Values

	Per	Per	Per	Per	Per	Per	Per	Per	Per
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Interest Rates

March 20

	1 mo.	3 mos.	6 mos.	1 yr.	10 yr.
100-day T-bill	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
1-yr T-bill	12 1/2%	13 1/2%	14 1/2%	15 1/2%	16 1/2%
2-yr T-bill	13 1/2%	14 1/2%	15 1/2%	16 1/2%	17 1/2%
3-yr T-bill	14 1/2%	15 1/2%	16 1/2%	17 1/2%	18 1/2%
4-yr T-bill	15 1/2%	16 1/2%	17 1/2%	18 1/2%	19 1/2%

Asian Dollar Rates

March 20

	1 mo.	3 mos.	6 mos.	1 yr.	10 yr.
100-day T-bill	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
1-yr T-bill	12 1/2%	13 1/2%	14 1/2%	15 1/2%	16 1/2%
2-yr T-bill	13 1/2%	14 1/2%	15 1/2%	16 1/2%	17 1/2%
3-yr T-bill	14 1/2%	15 1/2%	16 1/2%	17 1/2%	18 1/2%
4-yr T-bill	15 1/2%	16 1/2%	17 1/2%	18 1/2%	19 1/2%

Money Rates

March 20

	1 mo.	3 mos.	6 mos.	1 yr.	10 yr.
100-day T-bill	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
1-yr T-bill	12 1/2%	13 1/2%	14 1/2%	15 1/2%	16 1/2%
2-yr T-bill	13 1/2%	14 1/2%	15 1/2%	16 1/2%	17 1/2%
3-yr T-bill	14 1/2%	15 1/2%	16 1/2%	17 1/2%	18 1/2%
4-yr T-bill	15 1/2%	16 1/2%	17 1/2%	18 1/2%	19 1/2%

Gold Prices

March 20

	1 mo.	3 mos.	6 mos.	1 yr.	10 yr.
100-day T-bill	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%
1-yr T-bill	12 1/2%	13 1/2%	14 1/2%	15 1/2%	16 1/2%
2-yr T-bill	13 1/2%	14 1/2%	15 1/2%	16 1/2%	17 1/2%
3-yr T-bill	14 1/2%	15 1/2%	16 1/2%	17 1/2%	18 1/2%
4-yr T-bill	15 1/2%	16 1/2%	17 1/2%	18 1/2%	19 1/2%

Schutz Steers Porsche Toward New Expansion

By Warren Geller

STUTTGART — How many high-performance Porsche sports cars will be sold this year is a relatively simple calculation for Peter W. Schutz, the American chairman of the West German automaker.

"What our sales volume will be is simply a question of how many cars we can build," said Mr. Schutz, 55, who became Porsche AG's chairman in 1981 as an outsider to both the family-owned company and to the business of selling cars.

World demand for Porsches, whose prices range from 34,650 Deutsche marks (\$9,307) for the 924 model to 114,000 DM for the 911, has never been stronger, he said.

That was the message that Mr. Schutz planned to convey Thursday at Porsche's first public shareholders meeting. Last April, the company offered the public 30 percent of its capital in the form of non-voting preference shares.

"There could be anywhere between 400 and 1,000 shareholders at Thursday's meeting, there's just no way for us to know," Mr. Schutz said.

Since the initial listing on the Frankfurt Stock Exchange at 780 DM a share, Porsche shares have surged steadily to more than 1,300 DM this week. On Wednesday, Porsche's shares closed at 1,293 DM, down 27 DM.

For Ferry Porsche, 75, board chairman and son of the company founder, hiring Mr. Schutz from Klöckner-Humboldt-Deutz AG appears to have paid off in no small terms.

As head of the diesel-engine division for the Cologne-based engineering group, Mr. Schutz had been involved in the sale of truck motors to the United States.

This announcement appears as a matter of record only.

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Caisse d'Epargne de l'Etat du Grand-Duché de Luxembourg (Banque de l'Etat) CERA-Centrale Raiffeisenbank C.V. Belgum

Chase Manhattan Capital Markets Group Chase Manhattan Limited Chemical Bank International Group Citicorp Capital Markets Group

CLN Oyens & Van Eeghen N.V. Commerzbank Aktiengesellschaft Compagnie Monégasque de Banque Credit Commercial de France

Credit Agricole Credit Agricole Credit Agricole Credit Agricole Credit Agricole Credit Agricole

Credit Commercial de Belgique S.A./Cervezaekredit van België N.V. Credit Industriel et Commercial de Paris Credit du Nord

Credit Industriel d'Alsace et de Lorraine Credit Industriel et Commercial de Paris Credit du Nord

Credito Italiano Daiichi Kangyo International Limited Daiwa Europe Limited Deutsche Bank Aktiengesellschaft

Den norske Creditbank (Luxembourg) S.A. Deutsche Bank Aktiengesellschaft Fuji International Finance Limited Gafina International Limited

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Goldman Sachs International Corp. Hambros Bank Limited Hill Samuel & Co. Limited

Groenouwsche Landbank N.V. Kijder, Peabody International Limited Kuwait International Investment Co. S.A. Lazard Freres et Cie

Hansabank Aktiengesellschaft Kijder, Peabody International Limited Kuwait International Investment Co. S.A. Lazard Freres et Cie

Hilberts Bank International Limited Manufacturers Hanover Limited McLeod Young Weir International Limited Merrill Lynch Capital Markets

Mitsubishi Finance International Limited Mitsubishi Finance International Limited Morgan Grenfell & Co. Limited Morgan Stanley International

Nederlandsche Handelsbank N.V. Nederlandse Credietbank N.V. Nippon Credit International Limited Nippon Credit International Limited

Nippon Credit International (HK) Ltd. Nippon European Bank S.A. UTB Group Postbank (A/S) Privatbanken A/S

Oesterreichische Länderbank Pierson, Halding & Pierson N.V. PK Christiania Bank (UK) Ltd. Sanwa International Limited

Rabobank Nederland Salomon Brothers International Limited Sumitomo Finance International Sumitomo Trust International Limited

Société Générale Alsacienne de Banque, Luxembourg Sparbanken SDB Sumitomo Finance International Sumitomo Trust International Limited

Svenska Handelsbanken Group The Tokyo-Mitsubishi Bank (Luxembourg) S.A. Tokai International Limited Union Bank of Switzerland (Securities) Limited

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BUSINESS ROUNDUP

IBM to Stop Making PCjr Home Computer

By Andrew Pollack

SAN FRANCISCO — International Business Machines Corp. has decided to cease production next month of its PCjr home computer, a machine that never quite caught a market.

IBM said Tuesday that it was taking the action because inventories were sufficient to meet future demand. The company said it would continue to market the remaining computers and to support the product by providing software, spare parts and optional hardware.

Nevertheless, the surprise announcement in effect signals the end of the PCjr, a product that once was expected to establish the same dominance for IBM in the home market that its initial PC established in the office market.

IBM thus becomes the latest casualty of the disappointing market for home computers. Many other companies, including Texas Instruments Inc. and Coleco Industries Inc., have withdrawn from the market after failures.

Commodore International Ltd. has seen its sales and earnings plummet and Apple Computer Inc. recently announced that it would use its factories for a week because of bulging inventories.

"The home market didn't extend to the degree IBM and many others thought it would," said John Q. Pope, a spokesman for IBM in Boca Raton, Florida, where it has personal-computer operations.

But that doesn't mean the home market doesn't exist. IBM did not say whether it would abandon the home market completely or whether it was planning a new product. Some analysts said it would be inconceivable for IBM to desert the lower-priced

market, especially because that market includes schools.

"I can't imagine they would give up that low end of the market," said Egil Juliusen, chairman of Future Computing Inc., a Dallas market researcher, which estimates that IBM sold 275,000 PCjr's in 1984. "From a strategic point of view they ought to have something to take its place."

Many analysts expect IBM to soon introduce the PC2, an advancement on the original PC office computer that is expected to have a more powerful microprocessor. The price of the original PC is also expected to be cut.

The cancellation of the PCjr indicates that an even broader realignment of IBM's product line might be in store. However, the IBM spokesman indicated that a machine to replace the PCjr is not likely to be introduced soon.

Norman DeWitt, director of the personal-computer industry service for Datapro, a market researcher, said he thinks that IBM made its decision because it was not making a sufficient profit on the PCjr when it sold below \$900, the price required to stimulate sales. He said the dropping of the PCjr would be good news for Apple Computer, whose Apple II line competed directly with the PCjr.

The PCjr had trouble from the start. Introduced in late 1983, it did not reach the market until early 1984, missing the 1983 Christmas season. The machine also was ridiculed for its keyboard, whose rubberized keys resembled chewing gum.

IBM eventually replaced the keyboard with a more conventional one.

IBM shares closed at \$130.875 Tuesday on the New York Stock Exchange, up \$2.50 from Monday.

Wang Considers Reorganization, Some Layoffs

Los Angeles Times Service

BOSTON — The president of Wang Laboratories Inc., the computer company, said the company may reorganize in an effort to recover from its current earnings slump and may have to lay off some of its 31,000 workers.

John F. Cunningham also said Tuesday that its rival, International Business Machines Corp., is partly to blame for a sales slowdown that has hit Wang as well as such competitors as Digital Equipment Corp. and Data General Corp.

He said that IBM, by promising that it will soon offer products more advanced than those currently on the market, has caused customers to delay product purchases.

Mr. Cunningham, at a press conference, also discussed Wang's announcement March 12 that its earnings for the three months ending March 30 would be 30 percent to 40 percent below those of a year earlier.

He said this was caused by an industrywide sales slowdown, the strength of the U.S. dollar and problems in Wang's performance, including delays in the shipping of new products and customer service that he said must be improved. But, he said, the slump has created a sense of urgency and thus has given Wang a "major opportunity" to reorganize and trim a staff that has grown too large.

Lockheed Plans \$10-Billion Expansion

By Ralph Vartadjan

Los Angeles Times Service

LOS ANGELES — Lockheed Corp. has disclosed a strategic plan to spend \$10 billion over the next decade on research and plant construction, concentrated on its California aerospace facilities.

The plan, described by Ben Rich, president of Lockheed Advanced Research & Development Corp., in a recent interview and confirmed with other Lockheed officials, includes a significant expansion of the company's Kelly Johnson Research Center, about 45 miles (70 kilometers) northeast of Los Angeles.

Lockheed will build up to five new technical facilities there and

increase staff from 400 to as many as 3,000 scientists, engineers and technicians, Mr. Rich said.

The expansion will make the center what is believed to be the world's largest private aerospace research center, complete with super-sonic wind tunnels, a computerized weapons simulator, radar ranges, material laboratories and acoustics chambers, he said.

At the same time, Lockheed will continue to reduce its operations at neighboring Burbank, transferring increasing amounts of engineering to the new center and production to its assembly plants in Palmdale, about 35 miles north of downtown Los Angeles, Mr. Rich said.

Investors Plan Takeover of Storer

New York Times Service

NEW YORK — A group of investors has announced that it wants to gain control of Storer Communications Corp. and then liquidate the Miami-based broadcasting and cable-television company.

The Committee for Full Value of Storer Communications Inc. said Tuesday that it would elect a slate of directors at the May 7 annual meeting and then "sell all Storer's assets and distribute the net proceeds to the company's stockholders."

The committee was formed by Consistent Partners, an investor group led by Paul Tierney, Keith R. Gollust and Augustus K. Oliver, who has bought major stakes in Cyclops Corp. of Pittsburgh and Sooner Federal Savings & Loan Association in Tulsa, Oklahoma.

The committee controls 867,400 Storer shares, or about 5.29 percent of the shares outstanding.

Wall Street is keenly aware of the premium that broadcasting stocks

can command. On the New York Stock Exchange on Tuesday, Storer's shares rose \$5.75, to \$70.125, on a volume of more than 900,000 shares.

John Bonner, manager of corporate relations at Storer, said the company would not comment until it had studied the committee's filing made Tuesday with the Securities and Exchange Commission.

Mr. Tierney said: "Our investment philosophy is to try to find companies that are undervalued." Storer has posted a loss in each of the last two years, primarily because of the cost of expanding its cable-television operation. Last year, the company had a loss of \$16.7 million on revenues of \$536.8 million.

The company has shed some of its troubled cable systems, and analysts are optimistic. Peter Appert of Cyrus J. Lawrence Inc. forecasts earnings of 65 cents a share this year and \$1.55 a share in 1986.

Japan Securities Set for Records

Reuters

TOKYO — Japan's major securities houses are expecting record current profits in the first half-year ending March 31, according to spokesmen.

Nomura Securities Co. predicts a record first-half profit of nearly 100 billion yen (\$385 million) against a record 74.7 billion yen in the like period last year. Daiwa Securities Co. has revised its current profit forecast to a record 65 billion yen from the earlier predicted 62 billion yen and the previous record 48.3 billion yen a year earlier.

Equity trading volume on the Tokyo stock exchange rose 20 percent to 46,233 million shares in October to February, from 38,676 million in the like period last year, the stock exchange said.

COMPANY NOTES

ABC Inc. and Capital Cities Communications Inc., which announced Monday that it plans to buy ABC, had their debt placed on a credit-watch list by Standard & Poor's Corp.

American Telephone & Telegraph Co. said it began beaming high-speed, digital data and videoconferencing signals via satellite to France over its International Accretion Reserved 1.5 Service. The service operates at a speed of 1,544 megabits of information a second, providing voice, data, full-color and full-motion video services.

BankAmerica Corp. had the ratings on its senior debt changed by Standard & Poor's Corp. to A-plus from A-minus, on its subordinated debt to A from A-plus, and on its preferred stock to A-minus from A.

Bayer AG, the West German chemicals concern, said it has raised the bonus paid to its workers on 1984 results to 60 percent of average monthly pay from 42 percent for 1983. A spokesman said there is no official link between the higher bonus and any planned increase in the 1984 dividend from the 7 Deutsche marks (\$2.16) paid for 1983, but said the bonus is widely regarded as an indirect dividend indicator.

Denison Mines Ltd. of Canada said Clifford Frame was replaced as president by the vice chairman, Edward McConkey. The company did not elaborate.

General Motors Kenya Ltd., in which the Kenyan government has a 51-percent stake, said it plans to produce a four-door sedan named "Uhuru" at its Nairobi assembly plant. The first of a planned 2,000 cars a year is expected to be completed in a few months.

H.J. Heinz Co., the U.S. food concern, expects to report higher earnings and revenues in the fiscal year ending in April, despite predictions of lower profit margins for

the U.S. food industry, according to the president, Anthony O'Reilly. Marketing costs will rise \$25 million to about \$320 million and the company plans a \$100-million (\$113-million) capital spending program in Britain.

International Telephone & Telegraph Corp. said its Danish affiliate, Christian Rosing AS, was awarded a contract by Air Canada to supply a new data communications network for the airline's reservations and check-in systems. The contract's value was not disclosed.

Lotus Development Corp. of Cambridge, Massachusetts, said the delivery of a software package crucial to the sale of Apple Computer Inc.'s Macintosh personal computer will be delayed two months. The announcement is a setback for Apple in its battle with International Business Machines Corp. in the office computer market.

Miniserve Corp. of Colorado said it has agreed to supply \$8.5 million of computer disk drives to Daewoo Telecom Co. of South Korea. Deliveries will be made over 12 months starting next month.

Sam Hong Kai Finance Co. had trading in its shares suspended on the Hong Kong Stock Exchange. An exchange spokesman said trading will not resume before Friday. The company is expected to announce an accord to sell its banking subsidiary to Arab Banking Corp. and Sun Hung Kai chairman, Fung Kai Hui, for 360 million Hong Kong dollars (\$46.2 million).

Telefonaktiebolaget L.M. Ericsson, the Swedish maker of telephone switching systems, plans to raise its U.S. capital expenditure slightly in 1985 to approximately \$20 million. Much of the expenditure will be investment in software and marketing toward its Axi telecommunications system, the company said.

ADVERTISEMENT INTERNATIONAL FUNDS

Quotations Supplied by Funds Listed

20 March 1985

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose quotes are based on issue prices. The following information is for informational purposes only and does not constitute an offer.

(d) - daily; (w) - weekly; (b) - bi-monthly; (tr) - quarterly; (i) - irregularly.

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Race by Europe and U.S. to Commercialize Space Heats Up

(Continued from Page 11)

satellites for commercial customers for about \$19 million a launch.

But none of the U.S. rocket launchers had counted on the entry of ArianeSpace, a private French company whose largest stockholder is the French government. It holds ownership rights to the Ariane rocket, which was developed by the European Space Agency, a council of 11 European countries that supervises all major space projects in Europe. ArianeSpace already operates three Ariane rockets, and is expected to have a fourth ready for launching next year.

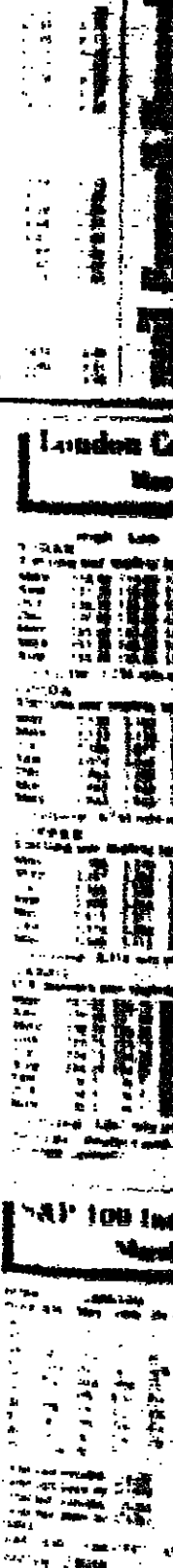
ArianeSpace currently charges between \$24 million and \$26 million for every communications satellite it sends into orbit, and already has sent up five satellites.

Transpace, on the other hand, has yet to find a customer. It claims that it costs about \$37 million to send satellites into orbit aboard a

March 20

NASDAQ National Market Prices[illegible]

(Continued on Page 15)



*** O ESPAÑA**

Spain. Everything under the sun

And from Catalonia comes "Zarzuela," an assortment of fish and shellfish cooked in a tomato sauce seasoned with garlic, paprika, parsley and wine.

To all the regions and dishes we had no space to write about, a toast in Spanish sherry, brandy or wine.

ART BUCHWALD

Watching Gorbachev

WASHINGTON — The Soviet Watchers of Washington met last week in the "Darkness at Noon" Russian Tea Room to be briefed on Mikhail Sergeyevich Gorbachev's rise to the top of the U.S.S.R.

Professor Nicholas Dubinsky, one of the leading Kremlinologists in this country, gave us the "Gorbachev may be around for at least 30 years, so you have to watch him very closely."

"What should we watch for?" "Since he is only 54 years old you should watch the way he stands when he's on the top of Lenin's Tomb. Remember, he is the first Soviet leader in 10 years who can watch a parade without a Politburo member on each side holding onto his arms so he won't fall down. This is his good and bad indication. The fact that he can stand on his own feet makes Gorbachev dangerous. At the same time we can expect more credibility from the Kremlin on their leader's health. Now when they announce he has a bad cold, we can all assume he does have a bad cold."

"Why is Gorbachev getting such a good press?" "Because he speaks English and wears nice suits. One of the reasons Americans never trusted the Soviet leaders in the past was that they dressed so tacky. How could you discuss ways of avoiding World War III with people who wore baggy pants and white socks? Gorbachev is a new breed of Russian. His suit cost fits, and his choice of shirts and ties is impeccable. He's the type of person you're not ashamed to be photographed with at a summit conference."



Buchwald

"Does the fact that he's a snappy dresser mean he's a more formidable adversary?" "He could go either way. Khrushchev almost brought us to nuclear destruction by hammering his shoe on the podium at the United Nations. Gorbachev would never do this because he's afraid it would ruin his shoe. But you still have to watch him very carefully. The fact that he doesn't chest all over the podiums on his chest could be to NATO's disadvantage. With the others you knew weren't going to be around very long, so the West was willing to put up with their peccadilloes for a year or two. With Gorbachev it will be at least three decades before he winds up in the Kremlin Wall."

"Do you think he will flout the fact that he is only 54 years old in the Kremlin's face?" "He has already, in a hand-delivered letter to President Reagan. Gorbachev started by addressing it 'Dear Uncle Ronnie.' That threw the president for a loop. He doesn't even like his grandchildren to call him Grandpa."

"Vice President George Bush watched Gorbachev all during Chernomol's funeral. What was his impression of the man?"

"As you know, Mr. Bush has become an expert at watching Soviet leaders at Moscow funerals. He came back quite impressed. Mr. Bush thinks Gorbachev has the potential to become the first Soviet yuppie premier. The leader seems to enjoy the good things in life, and one of his priorities is to provide more of the same for his people. The vice president believes if we can get Gorbachev to import more Perrier and buy more BMWs with stereo tape decks in them, the Soviets will lose their appetite for world conquest."

"What about Mrs. Gorbachev? Should we spend much time watching her?" "You have no choice. The press is now referring to her as another Jackie Kennedy. Mrs. Gorbachev could be a big help to the Soviet leader when he travels around the world. The thing to watch is his first trip to France. If he pulls a John Kennedy and says, 'I am the man who accompanied Raisa Gorbachev to Paris, and it gets a big hand, we're in a lot more trouble than most people think.'

Ansel Adams Display Opened

United Press International

WASHINGTON — The Wilderness Society, celebrating its 50th anniversary, has unveiled what is believed to be the only permanent exhibition of the landscape photographs of Ansel Adams, who died shortly before his death last year at age 82.

Trappers Cling to Endangered Calling

By Christopher S. Wren
New York Times Service

RAE Northwest Territories — Phillip Husky, a Dognrib Indian, brought six marten pelts into the Rae Cafe and laid them out carefully on the worn yellow linoleum floor. He wanted 50 Canadian dollars apiece for them.

Amie Steinwand, who owns the Rae Cafe and adjoining grocery store and pool hall, had gotten up on the right side of the bed that morning, he said later, so he paid out 300 Canadian dollars (about \$220) without haggling. He planned to send the marten pelts to the fur auction in Vancouver.

Husky was heading back to his trappings, a wide circuit of traps laid out in the snow of the scrub forests 80 miles (130 kilometers) to the north, after he loaded his snowmobile with groceries and gasoline.

"I got a cabin," Husky explained. His English is limited. "I go out tomorrow. One of my boys will come with me."

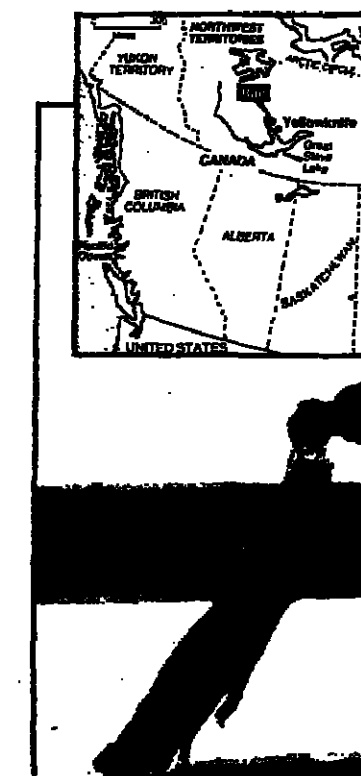
When a visitor asked what he would do if he could not trap, Husky, who has lived on a trap line for 45 of his 61 years, looked bewildered.

"This town is about as poor as you're going to get," Steinwand explained later. "There's no employment here. About 90 percent live off the land."

If the Dognrib Indians could not trap, he said, "you'd make vegetables out of them. It's the only thing they know how to do, and they're good at it."

In the Northwest Territories, a wilderness area more than one-third the size of the United States, people fear that efforts by conservationist groups to halt the fur trade will undermine their traditional way of life and bring problems ranging from economic hardship to a rise in frustration and alcoholism.

The prospect has sent a collective shudder through Rae, a predominantly Dognrib community on the Great Slave Lake. It survives on government handouts, seasonal firefighting, hunting and trapping.



Phillip Husky with marten pelts from his trapline.

Christopher S. Wren/The New York Times

around. They don't know any other way of life."

Canada claims to be the world's largest producer of high-quality furs. Its fur industry has been estimated at \$450 million a year or more. This dependence on wildlife has created a euphemistic vocabulary in which animals are referred to as "resources" that are "harvested" for food and profit.

About 80,000 to 100,000 Canadians live by trapping and hunting. Many are Dene or Inuit, as Canada's Indians and Eskimos call themselves. They are especially vulnerable to a fur boycott because they often have no other source of income.

Two-thirds of the population of the Northwest Territories, about 33,000 people, live off the land, said Nellie Cournoyea, minister of renewable resources in the capital, Yellowknife.

The fears of the trappers were touched off by the success of conservationist groups such as Greenpeace in stopping the bludgeoning of baby seals. Although the campaign centered on Newfoundland, it all but wiped out Canada's sealing industry, which

exported more than \$2.2 million worth of sealskins a year.

Total annual income from sealing in the northern arctic community of Resolute reportedly fell from 54,000 Canadian dollars to 1,000 dollars in 1983.

In the Northwest Territories, people from the south who want to halt hunting and trapping are perceived as affluent city dwellers with no comprehension of the age-old relationship between animal harvest and harvesters.

"I think that they forget that we exist as people on the other side," said Nelson Green, an Inuit from Paulatuk on Canada's northern coast. "We have to feed our families, but we're always been in tune with the land, so we know what can be taken."

The trappers say they waste almost nothing of the animals because the meat is eaten by their families or sold dogs.

"What most people don't understand is that most of the animals taken for fur are also used for food," said Jim Bourque, a former trapper who is now deputy minister of renewable resources in the Northwest Territories.

"There'd be very little reduction" in the number of animals killed even if there were no market for the fur, he said.

Canadian provinces have started trying to defuse the controversy over traps that critics say are cruel. British Columbia banned most uses of leghold traps, Ontario may follow suit.

But trappers in the Northwest Territories were balked at switching to off-set traps, which kill an animal instantly in a mousetrap fashion. They claim that such traps are hard to set and impractical because they freeze to the animal in winter.

The Dene and Inuit formed an alliance with indigenous people in Alaska and Greenland last year to defend the harvesting of wildlife. But the coalition, Indigenous Survival International, has had little impact because trappers and hunters are unused to presenting their case in public.

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